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THE LAND TAX IN CHINA

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THE LAND TAX IN CHINA

BY

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The Faculty of Political Science of
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To

CAROLYN KNOWLAND HYDE

WHO HAS BEEN A MOTHER TO ME DURING MY RESIDENCE IN AMERICA
AND WHOSE LOVE AND SYMPATHY FOR CHINA HAVE ENDEARED
HER TO MANY OF MY COUNTRYMEN, THIS MONOGRAPH
IS GRATEFULLY DEDICATED

PREFACE

THE purpose of this work is twofold. It is intended, first, to serve as a basis for the discussion of the land tax reform which is now one of the foremost fiscal problems in China and, secondly, to form an introduction to a larger study of the early fiscal system of the country in which the land tax has played such an eminent role. Chinese literature contains a wealth of materials on fiscal and financial subjects, covering a period of no less than four thousand years. Most of the facts are, however, recorded merely chronologically and little attempt has yet been made to systematize or to interpret them by showing their relations and mutual significance. With the help of modern scientific methods of investigation a fruitful study could be made of the early tax systems of China. It is hoped that this work may furnish a preliminary survey and lead to a further inquiry into this practically unexploited field of public finance.

Besides its historical interest, the land tax is now one of the most pressing problems before the Chinese government. From the earliest time until comparatively recent days it has been China's main source of revenue. But the system has outgrown itself. It is at present, as will be unfolded in the following pages, in a very chaotic state. Its theory as well as its methods of administration is antiquated, and, in many essentials, at variance with the modern principles of taxation. There is perhaps no single measure which the Republic of China can adopt to vindicate its earnest attempt to establish a democratic and efficient government

more effectively than to put on an enduring basis this tax which touches the economic life of the masses more closely than any other expression of the governing power.

There is another consideration which makes the reform of the land tax imperative. Those who are familiar with the present financial situation of China know that two out of her three largest sources of revenue will be unavailable for many years to come. These three sources are the custom duties, the salt gabelle, and the land tax, which together furnish nearly two-thirds of the total revenue. The tariff has been limited, however, by treaty agreements with foreign powers to five per cent *ad valorem* and its receipts, thus limited, have been hypothecated to the payments of the Boxer Indemnity which will not expire until 1940. The salt gabelle, the fiscal success of which has been most remarkable since its reorganization, will be largely absorbed by the payments of interest and amortization of the loan services to which it is pledged. This situation is responsible for a large part of the present financial embarrassments. Perhaps some immediate relief may be expected from the revision of the tariff to an effective five per cent basis. But such an increase will necessarily be limited. It is for these reasons that many students of the financial situation in China have pointed to the reform of the land tax as a key to the solution of the present financial difficulties of the country.

As a source of revenue the land tax in China, as will be shown later in the discussion, has great possibilities. Through a proper reorganization of the system of administration its yield can be greatly augmented without necessarily increasing the burden of the people. The task of reform is, however, a difficult one, and how it can be accomplished is a subject that has been widely discussed. It is the hope of the writer that the present study may contribute

something toward the solution of this problem. We shall attempt in this monograph to trace the development of the tax, to analyze its existing conditions, to show how these conditions were brought about, and to discuss some of the fundamental problems which must be solved before any thoroughgoing reform can be effected.

The writer is indebted to several professors in the Department of Economics. He wishes to express his gratitude especially to Professor Edwin R. A. Seligman, under whom he has studied for three years, for his inspiring encouragement and guidance throughout the entire period and for his reading of the manuscript. The writer is also deeply indebted to Professor Robert M. Haig who went over the entire manuscript and made many helpful suggestions, and to Professor Henry A. E. Chandler who read the galley proof and suggested many improvements. Acknowledgments are also due to Professor Jeremiah W. Jenks of New York University, Director of the Far Eastern Bureau, in which the writer has worked for more than a year, for suggesting the subject of this dissertation, as well as to Miss Luella DeLamarter of the same Bureau for her assistance in preparing the manuscript for the press.

H. L. HUANG.

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PART I

THE LAND TAX PRIOR TO THE TSING DYNASTY

CHAPTER I

The Land Tax in Antiquity

The history of the land tax in China may be divided two periods, namely the Feudal Period and the Period of Private Property.[1] The Feudal Period began with the time of Huang-Ti (2697 B. C.) and closed with the fall of the Chow dynasty (249 B. C.). During these twenty-four centuries land was held not as private but rather as communal property and the levies imposed upon it partook of the nature of tributes or contributions rather than of taxes. The Period of Private Property may be said to have found its real beginning with the establishment of the Ch'in dynasty (221-207 B. C.). In place of the numerous feudal landlords with the emperor as their nominal head there was at this time established a strong and absolute monarchy. Private property in land was recognized.

[1] The principal sources of information on the early land tax in China are to be found in the great historical collections entitled the *Twenty-four Histories* (*Er Shih Szu Shih*) which will be referred to by their individual name and in Ma Tuan-Lin's *General Research of Records and Authorities* (*Wen Hsien Tung Kao*) which is a very comprehensive collection of extracts from all kinds of authoritative writings from the beginning of written records to the thirteenth century classified according to topics, with occasional comments and explanations by the author. The parts which contain the most valuable information on the land tax are as follows: bks. 1-6, "Land Tax"; bks. 10-11, "Population"; bk. 22, "Tribute"; bks. 23-24, "National Expenditure"; bks. 150-154, "Organization of the Army"; and bks. 260-261, "Feudalism". The other sources of information which have been consulted freely in the preparation of this part of the work are: *The Early History of China* (*Shian Shu Chu Shu*); *The Government of Chow* (*Chow Li*).

The first mention of a levy on land in China was found as early as the time of Huang-Ti who, according to Chinese history, was the son of the Prince of Yu-Hsiong. When he became prince, succeeding his father, he found that the Emperor had become very weak in his control over the feudal lords, who were waging wars against each other. By a series of conquests he brought these rebellious princes into subjugation and made them acknowledge him as their Emperor. As a token of their allegiance he required them to pay tributes which they derived from levies on the produce of the lands under their control. The nature of these early levies is not definitely known. Some Chinese writers suggest that they were tithes similar to those of the Hsia dynasty.[1]

Whatever the nature of these early levies, they continued to be collected by the successors of Emperor Huang. Emperor Quo, who was the third successor of Huang-Ti, was said to be a good emperor, for he, besides possessing other virtues, "did not use wastefully the levies that he collected from the soil."[2] With the accession of Emperor Yao the control of the central government over the feudal lords was greatly strengthened and levies continued to be collected. But toward the end of the reign of Emperor Shun, who succeeded Yao, there occurred a great deluge which lasted for thirteen years and inflicted untold damage upon the people and their land. Yu was then appointed to take charge of the great task of bringing the waters under control. He succeeded well in restoring to the people their flooded land, and on account of that success he became Emperor on the death of Shun and founded the Hsia dynasty. The Hsia dynasty (2150-1780 B. C.) is generally regarded by Chinese historians as the dawn of China's authentic

[1] *Wen Hsien Tung Kao*, bk. xii, folio 25.

[2] Sze Ma Chien, *Historical Records*, vol. ii, p. 2.

history, although the record of this period is not entirely free from much that is vague and uncertain.

After the flood was brought under control, Emperor Yu instituted a system of land holding and taxation known as the tribute system (*kung fa*) which continued in force throughout the Hsia dynasty. Although there have been many differences of opinion among Chinese writers in regard to the nature of the system of land tenure during this period, the salient features of the system are fairly clear. Apparently land was held to belong not to individuals, nor to the emperor, nor to the feudal chiefs, but to the people at large. Every man when he reached his twentieth year was entitled to receive a piece of land amounting to fifty mow.[1] When he reached his sixtieth year and was no longer able to make full use of the land, it reverted to the community. The reason for the introduction of this system of land holding is probably to be found in the scarcity of land which must have been felt after the deluge of the country.[2]

For the purposes of administration and taxation Emperor Yu divided the country into nine *chow*, or provinces. The central province, Chi Chow, was known as the imperial domain, and its revenue was reserved for the exclusive use of the Emperor. The cultivators within the imperial domain were required to share with him one-tenth of the gross produce of the land, which was called *kung* or tribute, referring to its nature as a gift or voluntary contribution. The kind of the produce to be paid was determined by the

[1] *Cf. infra*, pp. 25-26.

[2] It seems rather surprising that no writer, as far as we are aware, has ever offered any explanation for the introduction of the limitation of land holdings to fifty mow. It seems to be a reasonable theory that before the deluge land was probably abundant and everybody, as in most primitive communities, appropriated for himself as much land as he could cultivate, but that after the inundation arable land became rarer and limitation became necessary.

distance of the cultivator from the imperial capital. The domain was divided into five zones. Those who were within one hundred *li* of the capital paid their tribute in the entire plants; those who were within two hundred li in spikes; those who were within three hundred li in unhusked grain; those within four hundred li in husked grain; and those within five hundred li in cleaned rice. The underlying reason for this arrangement was the cost of transportation. The people who were near the capital could pay their tributes in the more bulky forms of grain, while those who were at a great distance from the capital must pay theirs in the least bulky form.

The other eight provinces were parcelled out among a large number of feudal princes. But the rate of levy was the same as in the imperial domain, the princes collecting one-tenth of the produce from the people, part of which they were required to share with the Emperor. As China had not yet entered the stage of money economy at this time, these contributions to the emperor were also paid in kind. They could not, however, be paid in grain because the transportation of this bulky produce from remote parts to the capital was too costly. Besides, the emperor was already well supplied with that commodity by the tributes from the imperial domain. The natural alternative was to pay them in various valuable articles. The feudal princes in the Province of Tsing, for example, were required to pay their contribution to the emperor in salt, flaxen textiles, sea produce, silks, precious stones and wild silk in wicker baskets.[1] Those in the Province of Yang paid in metals of three kinds, in jades, rattan, ivory, hides, hair, timber, satin and fruits.[2]

[1] Sze Ma Chien, *Historical Records*, vol. ii, p. 3.

[2] Tsing Chow corresponds to the central part of the modern province of Shantung and Yang Chow corresponds to southern part of Shensi and part of Szechuan.

Similarly, the princes in the other provinces were required to send in their contributions in the kind of articles for which the locality was noted.

The Hsia dynasty lasted about four hundred years and was succeeded by the Shang dynasty (1783-1122). The system of land taxation adopted by the Shang dynasty was known as *tsu fa* (aid system) or *tsing tien* (nine-square system). The former term was derived from the name of the levies which were imposed on land during this dynasty, while the latter from the manner in which land was distributed and taxes levied. Besides its significance as a system of taxation and landholding the *tsing tien* system was a very important social and economic institution of ancient China.[1] There has been considerable dispute among Chinese scholars in regard to the time when the system first came into existence. Some writers claim that it was invented by Emperor Huang.[2] Whatever the origin, it was adopted by Emperor Tang, the founder of the Shang dynasty, as a general system of landholding and taxation. According to this plan all land that could be cultivated was divided into lots of 630 *mow* each, which was subdivided into nine squares of seventy *mow* each. Each of the nine squares, except the central one, was allotted to a family. The central square was cultivated in common and its produce went to the government in lieu of taxes on the entire plot. Part of this central square, amounting to fourteen *mow*, was reserved, however, for the dwellings of the eight families cultivating the lot. The amount to be cultivated in common by the eight families was therefore fifty-six *mow* instead

[1] For a discussion of the *tsing tien* system as a social institution *vide* Chen Huan-Chang, *Economic Principles of Confucius and His School*, vol. ii, pp. 497-553. The author is not in complete agreement with Dr. Chen, however, in several points of his interpretation of the system.

[2] *Wen Hsien Tung Kao*, bk. xii, f. 24.

of seventy, or seven *mow* to the family. The rate of the burden, therefore, amounted practically to a tithe.

It would be interesting to inquire into the reasons why the peculiar system of landholding was introduced in place of the tribute system and what were its economic and social effects; but this, however, would carry us too far afield. Suffice to point out here that so far as taxation is considered the *tsing tien* system was considered to be an improvement over the tribute system. Under the tribute system, as has been pointed out by an ancient writer,[1] the rate was originally in proportion to the annual produce; but in the course of time it became a fixed amount based on the average of several years.[1] In good years, he points out, this average was often too low and in bad years it became oppressive. Under the *tsing tien* system, on the other hand, the situation was entirely different, the tax being always the produce of the central square cultivated in common by the eight farmers.

Although the *tsing tien* system was instituted in the Shang dynasty, it did not reach its full development until the Chow dynasty (1122-249 B. C.) which really marks the beginning of a new epoch in Chinese history. Indeed, the position of the Chow dynasty in the history of Chinese civilization is, in many ways, similar to that of Greece in the history of European civilization. Much of the legal code, the political organization and the social system of China originated in the Chow dynasty.

The system of taxation adopted by the founders of the Chow dynasty was a combination of the two preceding systems. For lands lying near the imperial capital or other centers of administration the system of tribute was substituted for that of *tsing tien*. The reason, as given by one

[1] *Wen Hsien Tung Kao*, bk. i, f. 2; *cf.* also Chen, *op. cit.*, vol. ii, pp. 623-624.

ancient writer, was that in order to administer the system of taxing one-tenth of the gross produce justly a close contact on the part of the government with the people was necessary.[1] For the produce of the land varied from year to year and the rate of the tax must be adjusted to the fluctuations of the annual produce. In the case of the land near the capital and other cities such contact and supervision was possible and hence the system was readopted. Perhaps a second reason for the preference of the *tsing tien* system over the tribute system is to be found in that under the former the burden was probably not keenly felt by the people. The government did not take part of the individual's produce but merely collected the produce of the public field. The tax was paid without the contributors being clearly conscious of it.

For the greater part of the country, however the *tsing tien* system was retained. But the laws governing the distribution of the land and the administration of the tax during this period were much more developed and definite than those of the preceding dynasty. Instead of dividing each lot into 630 *mow*, each lot of land was now divided into one thousand *mow*, which was subdivided in a similar manner into nine squares of one hundred *mow* each. It has not been possible to determine exactly the size of *mow* used in the Hsia or Shang dynasty. But it is known that in the Chow dynasty one *mow* was recognized as one hundred square pace, one pace being six feet. The length of an ancient foot must not, however, be confused with that of the modern foot. One ancient foot equals to only .81 of a modern foot.[2] The *mow* in Chow dynasty is therefore equal to 3,600 square feet (2,961 square modern

[1] *Tung Kao, op. cit.*, bk. i, f. 5.

[2] *Cf. infra*, p. 122.

Chinese feet) or a little less than one-half of the modern *mow*. As each lot contains nine hundred *mow*, it is therefore equivalent to 1,800 feet square. This distance, namely 1,800 feet, was called a *li*. Hence one lot of nine hundred *mow* is equal also to one *li* square. The ancient system of land measurement in China has often been misunderstood by modern writers, and that misunderstanding has given rise to many a ridiculous calculation.[1]

The system of allotting land in the Chow dynasty was similar to that of the Shang dynasty. Each of the nine squares, except the central one, was assigned, as in the preceding dynasty, to one of the eight families who were required to cultivate four-fifths of the central equare in common and turn over its produce to the government as a tax, one-fifth of the central square being set aside for the dwellings of the farmers. The system of the Chow dynasty differed, however, from that of the preceding dynasty in several important respects. Instead of assigning to each family an equal amount of land without reference to its fertility, as was done in the preceding dynasty, consideration was now taken of the productivity of the soil. Lands were classified into three classes. Those which could be cultivated every year without decrease of returns were classed as best; those that could be cultivated only every other year, as good; and those cultivable every third year, as medium. In distributing the land there were, according to records that have come down to us, three different methods in vogue. According to the first method, each family was given one hundred *mow* of the best land, or two hundred *mow* of the second best, or three hundred *mow* of the medium land. But in places where prairie lands

[1] Chen Huan-Chang, for example, has greatly misrepresented the territorial organization of ancient China by failing to understand the unit of land measurement used in ancient time. *Cf. op. cit.*, vol. ii, p. 639.

were used, each family was given one hundred *mow* of arable land with an additional tract of prairie land the size of which varied with the class of arable land received by the family. Those families who had each received one hundred *mow* of the best arable land were entitled to receive fifty *mow* of the prairie land, while those who had each received one hundred *mow* of the second best or medium land were given, respectively. one hundred or two hundred *mow* of the prairie land. But in some places the distribution of the land was based upon the number of dependents in the family. A family of seven persons in which there were at least three able to work was given one hundred *mow* of the best land. A family of six persons might together with another family of the same number of persons be given one hundred *mow* of the second best land, while a family of five persons in which only two persons were capable of doing farm work would be given one hundred *mow* of the medium land.

Under this system every husbandman, when he reached twenty years of age was entitled to receive his allotment of land, which he was required to return to the state when he reached his sixtieth year of age. Under the first two methods of distribution mentioned above an additional amount of twenty-five *mow* was allowed to every male member of the family who had reached his sixteenth year. Scholars and artisans and merchants were also entitled to receive land at the rate of one-fifth the amount of the husbandmen. In addition to lands for cultivation each family was given five *mow* for dwelling purposes.

One of the most important conditions under which land was given was that the person or family receiving it must make use of it. There were laws providing, for example, that a family which received land from the state but did

not cultivate it was liable to pay taxes three times as heavy as normal taxes, and a family that received ground for houses must also plant flax or mulberry trees or they would be liable to pay the tax in silk twenty-five times as heavy as that paid by the other families. Every individual was also required by law to be engaged in some profession. There was at that time no poll-tax. But an able-bodied man who had no regular occupation was held liable for the payment of an annual tax equivalent to the amount imposed on one hundred *mow* of land.[1]

The rate of the tax during the Chow dynasty was also one-tenth of the gross produce, irrespective of the method under which the family or individual received his land from the state. For the purpose of administration and tax collection the country was divided, as in the preceding dynasties, into nine provinces, or *chow*. But the system of distribution of land and feudal organization of the Chow dynasty was much more developed than that of the Hsia or Shang dynasties. A classification of the feudal princes into five orders was introduced. The five orders were dukes (*kwon*), marquises (*hou*), earls (*pei*), viscounts (*tsu*), and barons (*lan*). The landholdings of these princes were also unified. A duke or marquis was entitled to rule over a territory of one hundred *li* square; an earl, seventy *li* square; and a viscount or a baron fifty *li* square. These were again classified as the first, second and third class estates. These estates were distributed equally among the eight *chow*, each of which contained thirty first-class, sixty second-class and one hundred and twenty third-class estates, making a total of two hundred and ten estates in one *chow*. The ninth *chow* was reserved as the imperial domain and divided for revenue purposes among the ministers of the

[1] *Tung Kao*, bk. i, f. 3.

emperor. The large or first-class estates were required to share with the emperor one-half of the land taxes which they collected; the medium estates, one-third and the small estates one-fourth. In other words, we find here the first application of the principle of progression.[1] In many ways these feudal princes, of which there were, according to the records, over ten thousand when Yu founded his dynasty, and over three thousand when Tang came to the throne as founder of the Shang dynasty, were in reality great feudal landlords. When the Chow dynasty came to power there were still some seventeen hundred of these feudal lords. Each of them was entitled to collect one-tenth of the gross produce from the people within his jurisdiction, but they were required to send to the emperor part of their income at a progressive rate.

In addition to the tithe which the people had to pay from the produce of their land, they were also required to render to the government certain services and furnish certain military equipment. For the latter purpose the *tsing tien* was taken as a unit. Every sixty-four *tsing* or lots were required to furnish four horses, one chariot, three charioteers, seventy-two foot soldiers and twenty-five men. For the former purpose a census was maintained by the government. Those who lived in the cities were held liable to render service from the age of twenty to sixty-five, while those in the country were liable to be called between the ages of fifteen and sixty. But the law also provided that no more than one person should be called from each family at one time and that the length of service should not exceed three days.[2]

From this account it can be readily seen that the system

[1] *Cf.* Edwin R. A. Seligman, *Progressive Taxation in Theory and Practice* (2nd ed.), p. 11.

[2] *Tung Kao*, bk. x, f. 10.

of taxation during the Chow dynasty was much more elaborate and advanced than that of either of the two preceding dynasties. The system of the Hsia dynasty was based on the simple principle of taxing one-tenth of the gross produce. It worked satisfactorily because the method and intensity of cultivation were then fairly uniform. The Shang dynasty made an attempt to improve the situation by the introduction of the *tsing tien* system the advantages of which over the tribute system have already been pointed out.[1] In the main the *tsing tien* system was retained by the Chow dynasty. But the system of the Chow dynasty was a step in advance of the Shang in that it recognized the difference of fertility and adopted a classification of land.

During these three dynasties the idea of taxation also underwent a remarkable development. Perhaps nothing could better illustrate this than a comparison of the terms used in the three dynasties to denote the taxes collected. In the Hsia dynasty the levy on the produce of the land, as we have seen, was called *kung* or tribute. The idea here was that of a gift. Emperor Yu had brought the devastating flood under control and instituted for the first time a well-organized government. The people were glad to make the government a present. In the Shang dynasty the levy was called *tsu* or aid. The function of the government as an institution was then more clearly recognized. In paying part of their produce to the government the people were no longer making a present but giving the government some assistance. In the Chow dynasty the ideas of universality and compulsion were developed. The levy was now called *cheh,* or universal contribution. It was no longer a voluntary gift or a semi-voluntary aid but a universal obligation.[2]

[1] *Cf. supra,* pp. 24-25.

[2] *Cf.* Seligman, *Essays in Taxation,* pp. 4-5; Chen Huan-Chang, *op. cit.,* vol. ii, pp. 621-622.

CHAPTER II

Land Tax from the Ch'in Dynasty to the Sui Dynasty

In discussing the system of taxation of the Chow dynasty it would perhaps be more accurate to divide, as the historians do, the dynasty into two periods, namely, the Western Chow (1100-770 B. C.) and the Eastern Chow (770-249 B. C.) dynasties. For after the capital of the dynasty was moved from the West to the East and the dynasty became known as the Eastern Chow, the country went through a very rapid and thorough transformation, politically as well as socially, so that the general character of the social and economic conditions of the country during the second period was quite distinct from that of the first period. At the beginning of the dynasty there were some seventeen hundred states and there was a more or less uniform system of land distribution and taxation. But at the time when the capital was moved from Hao (in Shensi) to Luyang (in Honan) the number of states had been reduced to less than two hundred, of which only a dozen were considered as important, the others rallying themselves around the larger states. This fact alone would be sufficient to show the social and economic transformation that must have been going on during this period. With the consolidation of the numerous petty feudal holdings into a number of powerful states and a consequent struggle for supremacy among them, the system of equal distribution of land began to break down throughout the Empire. Taxes were now increased in order to maintain the struggle and to meet the heavy expenses of the wars. It would carry us too far afield if we were to

trace the causes and results of the remarkable and far-reaching transformation which took place during this period. But if we are to understand the changes in the system of land taxation that had taken place toward the end of the Chow dynasty and in the Ch'in dynasty which succeeded it, these facts must be borne in mind.

Instead of a uniform system of land distribution and taxation, such as had existed in the early part of the dynasty, various changes were now introduced. In the State of Lu (modern Shantung) we find the first departure from the traditional principle of taxing the land at the rate of one-tenth, which had been followed for nearly two thousand years. In the fifteenth year (594 B. C.) of his rule Duke Hsuan first introduced a per-*mow* tax on land in addition to the produce that he collected from public fields cultivated in common by the people. This was condemned by Confucius as "an avaricious act." [1] But the successors of the Duke went even further than he, for they not only maintained the increased rate introduced by their predecessor but also made an attempt to separate land from the "other property of the family" and to impose on the latter a separate tax.[2] As to the exact nature of this separate tax on "the other property of the family" the records are silent. But it undoubtedly represents an attempt to extend the land tax into a general property tax, as was done in most countries. Besides raising the land tax the dukes of the state of Lu also increased the other services that were imposed on land. Instead of requiring sixty-four *tsing-tien* or "nine-square-lots" to furnish four horses, twelve oxen, one chariot, three charioteers and seventy-two foot-soldiers as had been the rule in the past, the duke now required sixteen *tsing-tien* to furnish the same services, a fourfold increase.

[1] *Tung Kao*, bk. i, f. 3. [2] *Ibid.*, f. 5.

The most important innovations in the system of land distribution and taxation were to be found, however, in the state of Ch'in which included practically the same territory as the modern province of Shensi and afterwards established the Ch'in dynasty, the first centralized empire in China. Duke Shiao and his minister Shang Yan were both ambitious and able statesmen. They saw that the territory of Ch'in was extensive and thinly populated while that of the neighboring state, Tsin, was small and thickly populated. In order to encourage the people of Tsin to migrate into Ch'in and develop the country the Duke abolished the *tsing-tien* system and allowed the people, native as well as immigrant, to take up as much land as they could cultivate. The system of *tsing-tien,* as Shang Yan told his Duke, was wasteful, for under it a large part of the field had to be set aside for boundary and road purposes. Furthermore it limited the full utilization of the productive labor of the people.[1] The whole system of land distribution with the taxation of gross produce at the rate of one-tenth, which had existed for more than two thousand years, was therefore abolished by a stroke of the pen. With the abolition of the system of communal ownership, private ownership of land was established. Instead of taxing the produce of communal land, the land was now taxed as private property. Under the *tsing-tien* system, as pointed out by Tu Yu, land had been the subject, but now the owner became the subject of the tax.[2]

When in 221 B. C. Prince Cheng of Ch'in became emperor and founded the Ch'in dynasty he applied the new system of taxing land that had been in vogue in his state to the whole empire. Feudalism with its communal owner-

[1] *Classics*, vol. v, p. 329.

[2] *Tung Kao*, bk. i, f. 3.

ship of land was abolished and instead of parceling out the country to the feudal lords he now divided it into thirty-six provinces with subdivisions known as *hsien* or districts which have survived in their essential character to this day. The provinces as well as the districts were governed by officials directly responsible to the emperor. With the abolition of the feudal system of landholding private property in land was established throughout the entire Empire. Land could now be bought and sold. The sole condition of land-holding was the payment of a tax, which was now assessed on its gross produce. The taxes in the Ch'in dynasty were heavy. The emperor was an ambitious ruler. It was he who undertook the erection of the Great Wall and the construction of the famous palaces. It was he who for the first time in the history of China built up an absolute and centralized empire. In order to meet the expenses of these projects taxes were greatly increased. Just how heavy the taxes on land were during this period we do not know. It was recorded, however, that the average taxes on land, on "mouths" (poll-tax) and on iron and salt amounted per person to twenty times as much as in the earlier part of Chow dynasty [1] and that the amount of taxes paid in service (forced labor) was thirty times as great. In the preceding dynasties the amount of forced labor had been limited to three days per year. It was now increased to as much as three months.[4] According to the record the emperor employed at one time 400,000 men in building the Great Wall, 500,000 in defending the frontiers and 700,000 in the construction of his palaces.

The result of these changes was far-reaching. There now appeared for the first time in the history of China a distinction between landowners and tenants. On account of the severity of taxes, both in service and in produce, the

[1] *History of Han* (*Han Shih*), vol. xxiv, f. 4. [2] *Ibid.*

small cultivators gradually sold their lands to the rich merchants and wealthy traders who now became[1] great landlords. "The rich own thousands of *mow* while the poor have not even enough land for an awl to stand on" is a saying that has come down to us from the Ch'in dynasty. It was also during this period that the separation of the farming population from the soldiers first took place in China. In the earlier times the soldiers were drawn from the agrarian population, and were called out only in time of need. There was no standing army. But the founder of the Ch'in dynasty in order to maintain his power created a standing army which was drawn chiefly from the people of his state. With it began the class of professional soldiers in China.

The Ch'in dynasty was short-lived and was soon succeeded by the Han dynasty (206 B. C.–220 A. D.). The system of land taxation introduced may be characterized as a reaction against the heavy rates which had obtained. Upon his accession to the throne the founder of the Han dynasty immediately reduced the rate of the tax to one-fifteenth of the gross produce and the amount of corvée to three days. The taxes on the iron and salt monopoly which had filled a minor although important place in the fiscal system were also abolished. In the reign of Emperor Wen (179-163 B. C.), the third successor of the founder of the dynasty, the reduction of taxes was carried still further. Tiao Chu, the prime miniser of the emperor, in a memorial which is considered one of the great literary productions of the time, told the emperor that the two sources of production were labor and land and that, in order that all lands capable of producing crops might be cultivated and all hands engaged

[1] *Tung Kao*, bk. i, ff. 4-5.

[2] *Tung Kao*, bk. x, f. 10.

in agriculture, the taxes on land should be abolished.[1] The revenue hitherto yielded by the tax could be obtained by introducing a system of selling official titles for grain and accepting grain for the remission of penalties. This, he pointed out, would not only raise the necessary revenue but also increase the value of grain, which would further encourage the development of agriculture. Following the advice of his minister the emperor abolished the land taxes, which were not resumed for twelve years until after his death. The rate of the tax on land in the first period of the Han dynasty which was known as the Eastern Han was in general very light, being either one-thirtieth or one-fifteenth of the gross produce.

Although the tax was light during this period the condition of the farming population was far from satisfactory, for since the end of the Chow dynasty most of the land had been absorbed by the great landlords. The cultivators were usually tenants and had to pay as much as half of their produce to the landowners. This gave rise to a good deal of discussion among the writers of the time as to whether the *tsing-tien* system could be revived to remedy the situation. In the reign of Emperor Wu (140-134 B. C.) Tung Chung-shu, the emperor's minister, proposed to the emperor that if the *tsing-tien* system could not be re-introduced, some measure of limiting landholding was necessary. Nothing came of this proposal, however. A second attempt was made by Wang Mang, as "the usurper," to limit the amount of individual holdings. When he came to the throne he issued a decree declaring that every family of less than eight persons which possessed lands amounting to more than one nine-square lot or nine hundred mow should distribute the surplus among its kinsmen and that after the distribution land should be non-transferable. Although the

[1] *Han Shih, op. cit.*, bk. xxiv, ff. 3-4.

rate of the land tax during the Han dynasty had been reduced to one-thirtieth of the produce, he maintained, the cultivators of the soil were in a worse condition than they had been in the past when the rate of the tax was one-tenth, for now they had to pay the landlords as much as one-half of the produce, while in the past they had to pay only one-tenth as tax. It was the rich landowners that were benefited by the low rates of the tax. The situation could be improved, he maintained, only by a re-distribution of the land. The law, however, aroused so much opposition on the part of the people that its author was obliged to repeal it after a short period of three years.

In the time of Emperor Wu, who reigned at the opening of the Christian era, a survey of the land and a census of the population were taken. The survey showed that there were 144,136,405 *ching* of land within the empire. Of this amount 102,528,889 *ching* were said to be occupied by mountains, streams, roads, etc., 32,290,947 were tillable and one-fourth of these, or 8,270,536, were then actually under cultivation.[1] It should be observed that the unit of land measurement used by the Han dynasty was different from that of the Chow dynasty. In the Chow dynasty one hundred square *pu* was declared to be one *mow*. In the Han dynasty two hundred and forty square *pu* instead of one hundred square *pu* were equal to one *mow*. One *mow* in the Han dynasty was therefore equal to 2.4 *mow* of the Chow dynasty. With only slight changes the unit of land measurement adopted by the Han dynasty has survived to this day. The census taken in the year 2 A. D. showed that there were 12,233,062 families and 59,594,918 "mouths" in the Empire.[2] These figures gave an average amount of land cultivated by each family at 67.6 *mow*.

[1] *Tung Kao*, bk. i, f. 6.

[2] *Ibid.*, bk. x, f. 12.

The system of classifying land into three classes according to fertility, introduced in the Chow dynasty, seems to have fallen into disuse in the first part of the Han dynasty, for in no record have we found any mention of the classification of land. The basis of land taxation during this period was probably gross produce. The system of classification was, however, re-introduced in the reign of Emperor Chang (75-84 A. D.). Land was classified, as in the past, into three classes and a record for each district was kept by the magistrate. For each of the three classes a separate rate was determined.

The land tax of the Han dynasty as a whole was light. But besides the land tax, there were a number of other levies which fell mainly on the produce of the land, although in an indirect way. There was also a capitation tax levied on all males. The rate on adults (between ages of fifteen and sixty-five) was, with occasional reductions and remissions, 120 cash per annum. The rate on boys (between the ages of seven and fifteen) was 20 cash per year. There was, furthermore, a levy in service, a survival of the ancient corvée. This consisted of three days' labor and was commutable at the rate of 300 cash per man. At one time there was also introduced a "door tax" or family tax of 200 cash per family. But this seems not to have survived any length of time.

The taxes on land were invariably assessed in produce, although they were sometimes paid in money. But toward the end of the dynasty a rate of 20 cash per *mow* was imposed by Emperor Hsuan (147-150 A. D.) in addition to the regular levy in produce. This is the first assessment in cash in the history of the land tax in China.

The system of land tax during the Han dynasty may be

[1] *Tung Kao*, bk. i, f. 6.

[2] *Ibid.*, bk. x, f. 12.

characterized, therefore, as a reaction against the heavy imposts of the later Chow and Ch'in dynasties. The rates of the tax were as a whole light in comparison with those of the previous dynasties. But the burden of maintaining the state was by no means lightened. It was only shifted from the land to the person in the form of a poll-tax which was instituted by the founder of the dynasty, and maintained, with only occasional remission of part of the rate, throughout the period. On the contrary, the condition of the agrarian population during the Han dynasty was not as good as in the Chow dynasty when there was an equal distribution of land and the cultivators usually paid no more than one-tenth of their produce toward the maintenance of the emperor as well as the feudal princes. With the abolition of the feudal system of land holding and the introduction of the institution of private ownership of land the cultivators gradually lost their land which began to be concentrated in the hands of a small class of owners. A landed aristocracy arose. The literature that was come down to us from this period abounds with exclamations over the tyranny of the landed aristocracy and the misery of the landless cultivators who, as a whole, had to yield as much as one-half of their produce to the landowners. The tax on land was paid by the owners, so that the low rates, according to these writers, only benefited the rich landlords.[1] The situation was aggravated by the existence of the capitation tax, which fell mainly on the poor cultivators. In the reign of Emperor Wu (140-88 B. C.) and Emperor Chen (32-6 B. C.) two attempts were made to limit the holdings of land as a remedy for the situation. But both measures failed to go through as the government was then in the hands of the landowners.[2] When Wang Mang (8-25 A. D.) came

[1] *Han Shih*, bk. xxv, f. 6.

[2] *Tung Kao*, bk. i, f. 6.

to power he took the drastic measure of proclaiming that the landholding of a family of less than eight could not exceed one hundred *mow*. The measure was too drastic to be carried out and he was soon obligated to revoke it. The situation remained practically unaltered until the end of the dynasty.

After the fall of the Han dynasty China was split up into three sections which became known as the Three Kingdoms. For about half a century the three kingdoms were engaged in a struggle for supremacy. Although China was united again under the Tsin dynasty (265-420 A. D.) the country was far from being in a state of peace and prosperity such as had existed in the Han or Chow dynasties. The government was weak and the barbarians from the North were constantly encroaching upon the territory of the Chinese. The situation became still worse after the fall of the Tsin dynasty, although it had exerted only a nominal power and control of the northern part of China, which now became divided into two sections. For nearly two hundred years China was the scene of a constant struggle between the South and the North on one hand and between the different Chinese dynasties on the other. It was a period of darkness, as some Chinese historians call it.

During these years of chaos and confusion a considerable part of the population, including the great landlords, were destroyed. Large tracts of land were therefore made ownerless. The period was characterized by attempts on the part of the government to re-introduce the system of equal distribution of land as it had existed in the Chow dynasty. With the introduction of the system of equal distribution the land tax became merged with the poll tax. It was expanded into a kind of general property tax toward the latter part of the period. Some of the characteristic features of the system as it existed at this time will now be briefly discussed.

The system of land distribution and taxation introduced by the founder of the Tsin dynasty provided for a classification of the people into three classes. Men and women between the ages of sixteen and sixty were classified as "principal citizens," those between thirteen and sixteen and those above sixty but below sixty-five were classified as "secondary citizens," and those below thirteen or above sixty-five as "old and small." Every man who belonged to the first class was entitled to receive fifty *mow* of land, the first one in the family being allowed twenty additional *mow*, and every woman in the same class, twenty *mow* with an additional ten *mow* for the first woman member in the family. Every male member of the second class was entitled to receive half the amount or twenty-five *mow*, the female members of the second class being given no land. Provisions were also made for the nobility and state officials, who were permitted to possess from seven *ching* to fifty *ching* of land according to their rank, one *ching* being equal to one hundred *mow*. The rate of the tax, or rather the rent, to be paid by those receiving land from the state was one-tenth of the produce, which was fixed at three *sheng* of rice per *mow*.[1] In addition to the land tax there was also a door or family tax in the Tsin dynasty. The family tax, as we mentioned, was first introduced in the Han dynasty, although it did not last long.[2] It was re-introduced by one of the Three Kingdoms, Wei, in the form of two pieces of silk of a given kind and two catties of cotton per family. The tax was now extended to the whole country but instead of a flat rate a progressive rate was adopted. A household that had a member belonging to the first class of citizens and that had received seventy *mow* of land was taxed at the rate of three lengths of silk and three catties

[1] *Supra*, p. 176.

[2] *Tung Kao*, bk. ii, ff. 10-11.

of cotton, while those households that had no such member were liable only to half that amount. Families that lived on the frontier districts which were supposed to be less wealthy than the other parts of the empire were taxed at rates varying from one-third to one-half the rate of the other families. A special light rate was also provided for aliens who at that time were, on the whole, poorer than the natives. The principle of progression as applied here is of course in its crude form. But the system undoubtedly represented a distinct attempt on the part of the government to apportion the burden of supporting the state among the taxpayers according to their varying degree of ability to pay taxes.

The system of land distribution was further elaborated by the Wei dynasty when the land tax was expanded into a kind of general property tax. Land was classified into three classes, as was done in the Chow dynasty. Every able-bodied man was entitled to possess fifty *mow* of the best class of land or one hundred of the second class or one hundred and fifty of the third class. For every slave or ox an additional thirty *mow* was allowed, provided the additional allowance did not exceed four units or one hundred and twenty *mow*, and for every woman in the family above the age of fifteen twenty more *mow* were allowed. The land thus granted was non-transferable and reverted to the state when the recipient died or the slave was sold. People on the frontiers where land was abundant were permitted to take up as much land as they could cultivate. In addition to this non-transferable land, every man was given twenty *mow* of land for the cultivation of mulberry trees or flax, which he was permitted to retain as his permanent possession. The unit selected for purposes of the tax imposed on the recipient of public land was the married couple who were taxed at the rate of one piece

of silk of a given kind and two shih of rice. For every slave the owner was taxed at the rate of one-eighth of the amount paid by one married couple and for every ox one-twentieth the amount.[1] The extent to which this elaborate system of land distribution and taxation was carried out is not known. The important point to note here is that it was during this period that attempts were made to reach property other than the land. Moreover, since slaves and oxen were the most important forms of wealth in addition to land, the tax as introduced by the Wei dynasty may be called a general property tax. The system as described above was most probably not carried out to any great extent, for in the reign of Emperor Chung another law was passed providing for a classification of the households into nine classes according to their wealth, and a differential rate of general tax was imposed on families of each class.[2]

The systems of taxation in the other dynasties of this period, most of which were short-lived, are similar to those of the Tsin or the Wei dynasties. They need not be discussed further than to point out that they were all characterized by attempts, more or less successful, at a redistribution of the land, while the taxes on land were largely merged with the poll tax and the family tax. Innovations in regard to the amount of land distributed as well as to the manner and the rate of taxes imposed were many, but most of them were of a transitory character. It was not until the Tang dynasty, when the country was again brought under the control of a strong and stable government, that the laws governing taxing the land received any permanent character.

[1] *Tung Kao*, bk. ii, ff. 12-13.

[2] *Ibid.*, f. 12.

CHAPTER III

The Land Tax from the Tang Dynasty to the Ming Dynasty

In the two preceding chapters the development of the land tax from the early times to the close of the Sui dynasty has been discussed. Roughly speaking, the development of the land tax prior to Tsing dynasty may be said to divide itself into three periods. The first period is characterized by a feudalistic system of landholding, extending from the earliest time to the fall of the Chow dynasty (2697-249 B. C.). The feudal system of landholding was an outgrowth of the tribal period. It existed during the Hsia and the Shang dynasties and reached its height of development in the Chow dynasty. During this period land was held not to belong to the individuals but to the community at large; and the general principle of taxation was that of the tithe. With the consolidation of the feudal states and the growth of the power of the central government the principle of communal ownership gradually gave place to that of private property which was finally recognized with the establishment of the Ch'in dynasty. The Ch'in dynasty, the first centralized empire in China, ushered in the second period (249 B. C.–618 A. D.) during which the system of taxation was based on the principle of individual ownership and land was taxed as the private property of the owners. But toward the latter part of this period various attempts were made to re-introduce the ancient system of land distribution. These attempts were due mainly to the abuses of the concentration of land in the hands of a class of large land-

owners during the first part of the period and to the destruction of these large landowners during the latter part of the period when confusion and wars were prevalent. With the establishment of the Tang dynasty began the third period, extending from 618 A. D. to the close of the Ming dynasty in 1661. During the first part of the Tang dynasty the reactionary movement which aimed to restore the system of equal distribution of land was finally brought to an end and a general tax on land, combined with the poll and household taxes, was introduced. This chapter will discuss these two systems of taxing the land in the Tang dynasty and will trace its further development in the succeeding dynasties. It is to this period that many of the characteristic features of the present system of taxing land are traceable.

The two systems of taxation for which the Tang dynasty is noted are known as the system of *tsu-yun-tiao* (rent, personal-service and household tax) and the system of *liang-shui* (two levies). The system of rent, personal-service, and household tax is based on the principle of equal distribution of land, as we have already mentioned. Under this system every husbandman was entitled to receive one hundred *mow* of land, eighty *mow* of which were revertable to the government, while the other twenty *mow*, which were used for the cultivation of mulberry or flax trees, could be retained as the permanent possession of the cultivator.[1] Land was classified, as in the past, into three classes. In the case of land which was tillable every other year the individual was given twice the amount and in the case where land was tillable only every third year the grant per individual was three times as much or three hundred *mow*. This rule applied, however, only to the villages where land was abundant and sufficient to give every cultivator the full quota. In case of villages where land was not sufficient the

[1] *Vide Tang Shih* (*General History of Tang Dynasty*), vol. 1, ff. 1-2.

cultivator was given half the amount. He might, however, receive the full quota if he moved to the village where there was an abundance of land. This arrangement, of course, had a tendency to equalize the distribution of the population. It is not our purpose here to go into a detailed discussion of this system of land distribution, which was perhaps better developed than in any of the preceding dynasties after Chow. Suffice it to point out here that it must have been carried out very fully for "it was ascertained that in the twenty-eighth year of Kai Yuan (713 A. D.) the area of land allotted to the people was 14,403,863 ching." [1] Under this system of distribution every cultivator was required to pay to the government two *hao* each of wheat or rice as *tsu* or rent; twenty days of labor, with two days in addition for the intercalary month, as *yun* or service; and a certain amount of silks or cloth as *tiao* or household-tax; [2] hence the name rent, personal-service and housetold tax. The personal service was commutable at the rate of three feet of silk of a certain specification per day. On the other hand, if the service required of a man should exceed twenty-five days per year he would be exempted from the household tax, and if it exceeded thirty days he would be exempted both from the household tax and rent payment. The law also provided that in no case should the service required of any individual exceed fifty days in the year.[3] A system of remission and exemption was also carefully provided in the statutes. The taxpayer could claim exemption from the payment of the rent when his crop was devastated by drought, frost, locusts or other cause beyond his control to such an extent that his crop was reduced to one-fourth; from the payment of both

[1] *Land Measurement in China*, ch. iv, sec. i; *cf.* also *Tung Kao*, bk. iii, f. 15.

[2] *General History of Tang Dynasty*, above cited, vol. li, f. 2.

[3] *Ibid.*

the rent and the house-tax when the crop dropped to one-sixth; and from all the three levies when it failed to produce more than one-seventh of its normal yield.

The system of taxation applied, however, only to the agrarian population of the country. The nobility, the state officials, the scholars, filial sons and the faithful widows were all exempted from it. It may be of interest to note that there was during this time a progressive income tax on the merchants. The rate of the tax was graduated, varying in nine steps from five *tao* to five *shih* of grain according to the size of the income from the business.[1]

That such a system of taxation would require very minute regulation and supervision is evident. For the purposes of administration an elaborate machinery was provided by the founder of the dynasty. Provisions were made for the annual collection of statistics on population, land and crops, and for the taking of a general census every third year. But as time went on and the power of the central government waned the system gradually broke down. Lands began to be bought and sold, their reversion to the state being no longer enforced. The old survey books and the tax-rolls which were originally renewed at frequent intervals were allowed to become obsolete. Large areas of land began to be concentrated in the hands of the rich, while they continued to pay only the same amount in taxes as the landless cultivators. The situation was aggravated by the destructive rebellions which broke out in the middle of the dynasty, for these necessitated the imposition of a number of extra levies which fell mainly on the agrarian populace. The situation was worse, according to a contemporary writer, than that of the latter part of Han dynasty. The government suffered great decrease of revenue and the people intolerable misery.[2]

[1] *General History of Tang Dynasty*, vol. li. f. 4.

[2] *Tung Kao*, bk. iii, ff. 15-16.

This situation led to the famous tax reforms of Yang Yen in 780. Recognizing that the old system of three levies which was based on the assumption of an equal distribution of land had completely broken down, Yang Yen replaced the three levies and the other subsidiary taxes, which had been imposed one after another, by a single general tax on land. The new tax was made payable in two instalments, one in summer and one in autumn, hence the name "summer and autumn levies." Under the system of three levies the basis of the tax, as pointed by the reformer himself, was the person, the cultivator of the soil who was assumed to possess an amount of land equal to that of every other person and hence equal ability to pay taxes. But this assumption was not true. The people no longer possessed equal amounts of land and to impose a uniform rate on the basis of the person or household was most unjust. Under the new system land itself was therefore made the subject of taxation. "People were now taxed not according to their age—whether able to cultivate land or not—but according to their wealth or the amount of the land possessed." [1] The old three-fold classification was re-introduced and in each of the three classes a general rate was fixed payable in two instalments. The rate of the first instalment which was payable in the sixth month varied from one *tao* of grain on the best land, six-tenths of a *tao* on the second class and two-tenths on the third class. The rate of the second instalment which was payable in the eleventh month varied from two-tenths on the third class to five-tenths of a *tao* on the first class of land. This system of taxation is of course crude, judged by modern standards, but compared with the outgrown system which imposed an approximately equal rate of tax on all cultivators of soil it

[1] *Tung Kao*, bk. iii, f. 16.

marked a substantial advance and was rightly hailed by the people of the time as a great reform.[1]

Besides changing the nature of the base and simplifying the system, Yang Yen introduced the important principle of apportionment. Heretofore, whatever the system of taxing land, the rate of the tax was fixed subject only to occasional reduction or remission in case of crop failure. "Instead of adjusting the expenditure of the state to the returns of the taxes, the chief one of which was of course the land tax, Yang Yen first determined the amount of expenditure and then apportioned the required amount among the districts according to the assessed value of the fourteenth year of the reign of Tai-Lieh (775)."[2] The general rates which were mentioned in the foregoing page were therefore subject to increase or decrease according to the needs of the government. This principle of assigning a definite quota to each of the territorial divisions of the country, leaving the actual determination of the rates to the local authorities, as will be seen later, survived, at least in theory, to the last day of the Tsing dynasty.[3]

Beside reforming the land tax Yang Yen also introduced a classified progressive income tax. During the first part of the dynasty the merchants, as we have mentioned, were subject to an income tax of from five *tao* to five *shih* of grain. The tax was now expanded into a general income tax applicable to the nobles, and the officials as well as the merchants.[4] The rate of the tax varied according to the class of household. First-class households paid the highest sum, 4000 cash per annum. Each successive lower class paid 500 cash less until the amount was 1000 cash for the seventh class.

[1] *Chu Tang Shih* (*Old History of Tang Dynasty*), bk. xlviii, f. 3.

[2] *Tang Shih, op. cit.*, vol. li, f. 5.

[3] *Cf. infra*, p. 128.

[4] *Old History of Tang Dynasty, op. cit.*, vol. xlviii, f. 3.

Seven hundred was the charge on the eighth and 500 on the ninth class. These reforms were received, according to Ma Tuan-li, with great satisfaction by the people.[1] The annual receipts after the reforms were, according to the records of the reign of Ti-Chang (780-904), in round numbers 20,000,000 strings of cash and 4,000,000 *hao* of rice for the provincial government and 9,500,000 strings of cash and 6,000,000 *hao* of rice for the central government.[2]

After the fall of the Tang dynasty China went through a period of confusion and disorder. Within the brief span of fifty years there rose and fell in rapid succession no less than five dynasties. It was during this period, which is known in the Chinese history as the Epoch of Five Dynasties, that the practice was introduced of imposing extra rates under the pretext of covering wastage and meltage expenses. This became, as will be shown, one of the most bewildering features of the land tax system of the Tsing dynasty.[3] After this period of confusion the country was put under a stable government again when Sung dynasty (960-1277) came to power.

Besides abolishing the numerous extra levies of the Five Dynasties, the founder of Sung introduced several imporant changes in the system of taxation. Perhaps the most important of these was the division of all arable lands in the country into lots of one thousand *pu* square, each lot thus containing 41 *ching*, 66 *mow* and 160 square *pu*,[4] and the classification of the land into five classes. The classification was later expanded into ten. On each of the classes a rate was imposed, based on the gross produce of the land. The tax was payable, as in the later Tang dynasty, in two

[1] *Tung Kao*, bk. iii, f. 15.

[2] *Tung Kao*, bk. iii, f. 15 or *Land Measurement in China*, ch. iv, sec. iv.

[3] *Tung Kao*, bk. iv, *passim*.

[4] *General History of Tang Dynasty*, bk. clxxiv, f. i.

instalments. As a whole, the rate of the land tax during Sung was light, amounting to from one-twentieth to one-thirtieth of the gross produce.[1]

Another important principle introduced by this dynasty was the differentiation of land into public land, farming land and urban land. The receipts from these three kinds of land formed the first three of the five classes into which the revenues of the government were divided. The five classes of revenues were (1) rents from public land cultivated by tenants, (2) taxes from farming land, (3) taxes from urban land used for buildings, (4) poll tax, and (5) miscellaneous taxes. The public lands at that time were extensive, no less than one-seventh of the cultivated land of the Empire belonging to the government.

During the Sung dynasty the land tax was collected in a great variety of commodities. In 1021, for example, the taxes collected included 31,707,000 *shih* of grain, 4,656,000 strings of cash, 1,898,000 pieces of silk, 282,000 pieces of cotton cloth, 5,170,000 *taels* of cotton, 300,000 *catties* of iron, 490,000 *catties* of tea, as well as numerous other items. It was not until the reign of Sin-Chung (1068-1086) that silver was used for the payment of taxes.

In addition to the modified land tax, the Sung dynasty instituted a tax on the transfer of land, either by sale, inheritance or gift, and a general property tax. The rate of the tax on transfer of land varied from three to five per cent. This tax must have been levied extensively, for in the fifth year of Kuo-Chung (1132) the receipts from this source amounted to over four and one-half million strings of cash.[2] The general property tax was introduced by the great financier Wang An Shih. It was a graduated, classified tax based on land and other properties. Land, conse-

[1] *Ibid.*, bk. clxxiv, f. 4.

[2] *General History of Tang Dynasty*, bk. clxxiv, f. 7.

quently, was subject to the regular land rate as well as to the general property tax. The latter, however, rested most heavily on the wealthy classes.

The system of taxation of the Yuan dynasty which succeeded Sung can be discussed very briefly. It was substantially a combination of the two noted systems of the Tang dynasty. In the southern provinces the system of levying a summer and an autumn tax was retained. The autumn tax was generally paid in copper cash and the summer tax in produce, cotton, silk and grain.[1] In the northern provinces where the Mongols gained a firmer control of the situation there was levied, in addition to the land tax, a progressive poll tax, the rate of which varied from one-quarter of one *shih* of grain to an entire *shih*. The poll tax might be more truly termed a property tax, for the rate of the tax to be imposed on the individual was determined "according to the kind of implements, number of oxen employed, and the fertility of the soil under his cultivation." As to the land tax proper, the old three-fold classification was retained. But instead of the multiplicity of articles receivable for taxes in the Sung dynasty, grain and silver were the commodities mainly used for this purpose during this period. The annual returns for the first year of Wei-Chung (1328), for example, consisted of 12,114,699 *shih* of grain and 149,273 *shoes* of silver sycee.

During the first part of the Ming dynasty (1368-1644) the system of taxation was practically the same as that of Sung or the later Tang dynasties. Land was divided into private and public land; the latter formed a considerable portion of the cultivated area of the country, perhaps as much as one-sixth.[2] The old three-fold classification with

[1] *Land Measurement in China*, ch. vi.

[2] *Tung Kao* (*Continuation*), bk. i, f. 8; *Land Measurement*, ch. iv, sec. ii.

[3] *Ibid.*, sec. iii.

three subdivisions for each of the three classes was retained. During the first part of the dynasty the tax was paid in silk, grain, copper cash, and silver sycee as in the preceding dynasties. But toward the latter part of the period silver began to be used more and more extensively as payment of the tax. By the time of Emperor Chin-Tung (1436-1450) silver became the chief commodity in the payment of the land tax. A definite rate of converting the grain payment in which the tax was assessed into silver was fixed at one *tael* of silver to four *shih* of grain. Commutation first took place in the provinces south of Yangtze, and was gradually extended throughout the Empire.

Tax conditions during the first half of the Ming dynasty were, as a whole, satisfactory. But after the middle of the fifteenth century the country was much disturbed. The tax-roll which was compiled by the founder of the dynasty and became known as the "fish-scale register" (a term derived from the appearance of the pages of the book) was allowed to become obsolete. Extra levies were imposed one after the other until the reign of Sin-Chung (1573-1620), by which time the situation had become so bad that reform could no longer be put off. The regular land tax with the various extra charges were now consolidated into one single payment known as *i-tiao-pien* or "single whip," a term which carries with it interesting evidence of the burdensomeness of the tax on the people. Nevertheless, the "single whip" was considered a reform, for, compared with the numerous vexatious levies which it replaced, it was certainly a step in advance.

The improvement, however, proved to be short-lived. Lawlessness and disorder increased more and more, necessitating the levy of additional rates. Chief among these extra levies were the so-called "three supplies," consisting of the so-called "Liaotung supply" levied for the increased

military expenditure of Liaotung where the activities of the Manchus were threatening the safety of the empire, the "training supply" for new soldiers, and the "suppression supply" for suppressing the disorders of the country. The weight of these taxes caused widespread dissatisfaction and confusion, and finally led to the downfall of the dynasty. This completes the survey of the development of the tax prior to the Tsing dynasty.

PART II

THE LAND TAX SINCE THE TSING DYNASTY

CHAPTER IV

The Land Policy

In the foregoing pages we have traced the development of the system of the land tax from earliest times to the close of the Ming dynasty, covering a period of no less than three thousand years. In this brief survey we have noted the more interesting and important features of the systems of land tenure and taxation of the different dynasties. An attempt will now be made to discuss in greater detail the development and the nature of the tax as it existed during the Tsing dynasty, for the conditions of the land tax today are substantially the same as they were during that period. But in order to understand fully the whole system of land taxation in China a discussion of the various tenures under which land was held and taxed and the policy of the government toward the distribution and taxation of land will be necessary. A brief treatment of each of these topics will therefore be given before taking up the discussion of the tax itself.

Recognizing agriculture as the basis of her national economy the policy of China toward land has always been to bring as much of the land under cultivation as possible. To this the policy of the Manchu dynasty constituted no exception. As soon as the Manchus gained control of the country they turned their attention to the development of agriculture and the problem of land which they recognized was the basis of the people's subsistence and the source of the government's revenue. During the prolonged period of war which pre-

ceded the establishment of the dynasty, a large part of the country was laid waste, and a considerable portion of the population was destroyed. The immediate problem of the government was then to restore the abandoned and devastated lands to cultivation and to increase the population.

To increase the population and to extend the area of cultivation were not, however, peculiar problems of that time. They were the ends for which the statesmen and emperors of the past have been working. The size of the population and the extent of cultivation were looked upon as sure indices of the justice of the ruler and of the prosperity of the age. To achieve these two results proved therefore to be not only the immediate problem but also the object of the general policy of the dynasty toward agriculture and land.

This chapter is addressed to the discussion of some of the methods which the Manchu government adopted in carrying out this policy which has played a very important rôle in the economic history of the country during the last three hundred years. The methods outlined in the following pages are based upon a study and analysis of the decrees, laws, memorials and other official documents of the dynasty.[1]

Perhaps the most obvious and important step which the government took in extending the area of cultivation was to give lands free to the people. It has already been observed that during the years of struggle between the Ming dynasty and the incoming Manchus large tracts of land were laid waste. When order was restored these abandoned and ownerless lands were given to cultivators free except in the more populous provinces, such as Shantung and Honan, where a nominal price was charged. The amount of the

[1] These documents are found chiefly in *Ta Tsing Hwei Tien; Ta Tsing Hwei Tien Shih Li; Huang Tiao Tung Tién; Huang Tiao Tung Chih* and *Huang Tiao Wen Hsien Tung Kau.* For an English translation of the names of these books *cf. infra,* pp. 173-174.

grant to each family was almost invariably limited. For example, in Szechuan, which perhaps suffered the greatest devastation during the struggle between the Ming dynasty and the incoming Manchus, the grant was limited to thirty *mow* of irrigated land and fifty *mow* of dry land for each family, with an additional grant of half the amount for every able-bodied member of the family.[1] Additional allowance was also made for families which had a large number of aged or young dependents. In Shensi, which was then rather thinly populated and into which people from other provinces were encouraged to migrate, the grant was limited to fifty *mow* of fertile land, or one hundred *mow* of ordinary land with the same rate of allowance as in Szechuan and the same provision for dependents. Similarly, people in the populous provinces were encouraged to migrate into the western and northwestern provinces to take up lands.

Another important condition imposed on land thus taken up by the cultivators was that the grantee must bring the land under immediate cultivation. The title of the land remained with the government until the lapse of three years in the case of irrigated lands and six years in the case of dry lands, and until title passed taxation on the land did not begin. In other words, the land was held provisionally for a period of years during which the government, theoretically at least, could revoke the grant. This policy of limiting the amount of grants and requiring the grantee to bring the land under cultivation before he could claim title made speculation difficult [2] and contributed in no small measure to bringing about the system of small holdings in China.

Besides giving lands to the cultivators free the government also gave subsidies in the way of seeds, oxen and

[1] *Huang Tian Tung Tien*, bk. i, f. 3.

[2] It is interesting to compare this arrangement with the land policy of the United States before the Civil War.

farming implements. Sometimes even traveling expenses to the new place were allowed.[1] This system of giving aid to the peasants in order to enable them to migrate to the less populous parts of the country and take up lands existed until as late as the reign of Yung-Chen (1722-1736), and is another important factor in eliminating the existence of a large class of landless peasants in China.

A third policy adopted by the government in extending the area of cultivation and thus increasing the revenue of the government was to use soldiers to cultivate lands. The advantages of adopting this policy were explained in the memorial of Censor Hsi Ching presented in the fifth year of the reign of Kang-Hsi, in which he says: "The chief cause of the financial difficulties of the government lies in the heavy military expenditure. Eight-tenths of our revenue to-day is spent in maintaining the soldiers. On the other hand, there are large tracts of land lying idle in many of the provinces.[2] Why do we not let the soldiers cultivate these lands? That will give us the double advantage of reducing the military expenditure and increasing the production of the soil."[3] Following this recommendation, "the garrison commission in Honan was instructed to employ the soldiers to develop the uncultivated land which was not to be taxed until the third year of cultivation," and "in Shensi the uncultivated land was gradually developed by the infantry stationed there."[4] Abandoned or uncultivated lands in Yunnan and Szechuan were also given to the soldiers to cultivate. When order became well established part of the large army that was no longer needed was trans-

[1] *Huang Tiao Tung Tien*, bk. ii, f. 4.

[2] *Ibid.*, bk. i, f. 2.

[3] *Ta Tsing Wen Hsien Tung Kao*, bk. x, f. 1.

[4] *Land Measurement in China*, ch. viii, in *National Review*, Nov. 27, 1915, p. 450.

ported by thousands to the frontiers, nominally to serve as a guard, but actually to develop the country.

This practice of giving lands free to the cultivators was carried on vigorously during the early part of the dynasty, and as a result a large amount of untilled or abandoned land was put under cultivation. But with the beginning of the reign of Chien-Lung, toward the middle of the eighteenth century, we perceive a marked change in the policy. There was no longer any great abundance of free land, so instead of giving lands to the cultivators the government now began to encourage the improvement of lands already under cultivation. During this reign and the following reigns laws were passed permitting irrigated lands in Honan and Hupeh, which had been transformed from dry lands, to be taxed at the same rate as they had been before the transformation. A system of subsidizing the people to encourage them to reclaim waste lands was also inaugurated. For example, "In Chekiang the people were ordered to reclaim all lands that have been rendered unproductive by inundations or whose irrigated system had been silted up; and they were accorded the same treatment as the people of Kiangsu, namely, that of being granted a subsidy of Tl.20 per *mow* for the work and an additional Tl.10 per *mow* for purchasing seeds."[1] In order to encourage the development of "odd pieces" of land several laws were passed during this and the following reigns exempting from taxation small plots of land, the size varying from two to ten *mow* according to the fertility of the land and the local conditions.[2]

That this policy of encouraging the development of all arable lands was necessitated by the circumstances is evident from two facts. In the first place, in the last year of the reign of Shun-Chin (1644-1662) the amount of land

[1] *Land Measurement*, ch. x, *Nat. Rev.*, Dec. 18, 1915.

[2] *Ta Tsing Wen Hsien Tung Kao*, bk. iv, f. 20.

under cultivation was reported to be 5,493,576 *ching*, while in the eleventh year of the reign of Chien-Lung the amount had increased to 7,071,142. The actual increase in the area of cultivation during this period is undoubtedly more than the amount reported. But the reported increase is sufficient to show the extent of the growth of the area of cultivation. The second fact is the increase of population during the preceding one hundred years. According to the estimate of Werner, the population at the beginning of the Tsing dynasty was probably no more than 50,000,000, while by 1742 it had increased to over 140,000,000. The increase of population therefore necessitated a more intensive utilization of the land.[1]

Another characteristic of the Chinese way of encouraging the development of agriculture and extending the area of cultivation was by a system of rewarding officials with marks of merit and promotion when they succeeded in increasing the amount of the cultivated area within their respective jurisdictions. "In the reign of Kang-Hsi (1662-1723) civil and military officials who rendered particularly meritorious service in securing people to develop uncultivated land were given promotion before they had completed the terms of the office they were holding; while subordinate officials and scholars who helped in persuading others to cultivate their land were awarded the rank of magistrates and upon taxes being collected for the land so cultivated were appointed to positions of magistracy."[2] On the other hand, "in any district a magistrate would be subject to heavy punishment if he allowed land to lie waste which was under cultivation during the tenure of the office of his

[1] See Werner, *Descriptive Sociology of the Chinese*, p. 50.

[2] *Land Measurement*, ch. viii.

predecessor";[1] and in the second year of the reign of Kang-Hsi a decree was also issued providing that "after the expiration of the fifth year of the reign if it is found that there are large tracts of land uncultivated in any district the magistrate will be dealt with by the Governor of his province, while the officials who succeeded in persuading the people to develop their land will be rewarded with appointments."[2]

Decree after decree was issued, especially during the earlier part of the dynasty, exalting agriculture and the farmers. In the reign of Yung-Chen (1723-1736) appears this interesting edict: "Among the four people the scholars are at the head, and the farmers are second only to the scholars. The scholars, when they have attained high achievement, are honored by the Emperor with official rank and given allowances from the Imperial Treasury. But the farmers, who labor all their lives in order to pay their taxes, support their parents and raise their children, never receive such rewards. Their self-denying and noble conduct is superior not only to that of the merchants and the artisans but also to that of the unworthy scholars. Let it therefore be decreed that district magistrates shall select each year from their districts the most worthy farmer and recommend him to us to be decorated with the Eighth Rank Honor."[3] In the reign of Cheng-Lung we also find that "in accordance with the practice followed in the Chow dynasty the subprefects and district magistrates were instructed to select from amongst the farmers a few elder men who were experienced in farming, diligent in their work and respected

[1] *Land Measurement*, ch. viii.

[2] *Ta Tsing Tung Tien*, bk. i, f. 2; also *Ta Tsing Tung Kao*, bk. iii, f. 11.

[3] *Ta Tsing Tung Kao*, bk. iv, p. 18.

by their fellow-farmers. They were rewarded according to the worth of the meritorious service they rendered."

Other protection was also given to the farmers. Early in the reign of Kang-Hsi a law was promulgated that no one except the princes of the first order (of which there were of course only a few) would be permitted to run over the cultivated field of any farmer under penalty of prosecution by law.[1]

From this discussion it will be seen that the land policy of China under the Tsing dynasty was similar to that of the previous dynasties. It was based upon a recognition of the supreme importance of agriculture as the basis of national economy. In order to further the development of agriculture the policy of the government was to put under cultivation as much of the arable land of the country as possible. Large land holding was always looked upon with disfavor by the government. Landless peasants were aided in every way to acquire possession of the land. As the result of the persistent application of this policy there is in China a minute division of land holding such as will perhaps not be found anywhere else in the world. These facts must be borne in mind in connection with the discussion of the system of taxation as it exists to-day and the problems of its reform.

[1] *Ta Tsing Tung Kao, op. cit.*, bk. ii, f. 8.

CHAPTER V

System of Landholding under the Tsing Dynasty

In order to understand the principles of the system of the land tax as it existed during the Tsing dynasty and to discuss some of the present problems of its reform, an account of the manner in which land was distributed and held in the country is necessary. During the Tsing dynasty lands in China were known by a variety of names, some of which had historical and others fiscal significance. But in spite of this multiplicity of names, lands in China during the Manchu régime may be divided into four classes according to their form of tenure, namely, (1) lands under military tenure; (2) lands under quasi-military tenure; (3) lands under common tenure; and (4) public lands. Each of these will be discussed briefly.

Military tenure. When the Manchus established themselves in Peking they confiscated the lands of the imperial family, the satraps and the high officials of the dethroned dynasty. These lands were at first scattered all over Chihli and the other northern provinces. Under the pretext of consolidating them they also appropriated large tracts of private lands whose owners had either perished during the war or were powerless to resist. This process of appropriating private lands went on for many years and it was not until the tenth year of Shun-Chi that an edict was issued prohibiting further "enclosure," as it was called, of private lands. But the law was not observed faithfully; new immigrants from Manchuria kept on coming in increasing num-

bers, and lands, often including houses, were enclosed by them. Finally in the eighth year of Kang-Hsi another law was passed forbidding strictly any further appropriation of private properties.[1]

Some of the lands that had thus fallen into their hands were reserved for the imperial household, and others were given as endowments to the several departments of the government, whose functions were concerned with the administration of the affairs of the imperial clan and the palace. But by far the greater part of these lands was granted to their kinsmen and followers. In granting lands to their followers the policy of the Manchus was similar to that of the Normans when they conquered England and took possession of the Saxon lands. Instead of granting large tracts of land to a few lords and letting them subdivide to the lesser lords, as was done in the feudal times in Europe as well as in China, the land was granted directly, whether the grantee was a prince of the blood of the first degree or a common Manchu soldier. Every Manchu who came into the new capital was entitled to a tract of land, the amount of which varied from 1,800 *mow* in the cases of the noble of the first degree to 18 *mow* to the commoner. The purpose of granting these lands, as stated in the edicts and decrees, was twofold. It was not only to strengthen the position of the sovereign but also to give some "permanent property" to each of the Manchus. No rent nor tax was reserved by the emperor. The grantees, however, were bound to render certain military service to him.[2]

The land thus granted was also inalienable. But this condition was not observed faithfully, and indeed throughout the reigning period of the dynasty attempt after attempt

[1] *Ta Tsing Tung Kao, op. cit.*, bk. v, f. 29.

[2] The amount of land under this tenure was given in the *Hwei Tien* as 15,336,600 *mow*. See vol. x, ff. 32-33.

was made by the Peking government to keep these lands from falling back into the hands of the Chinese. But in spite of the attempts, a large part of the lands held under this tenure gradually fell into the hands of the Chinese. In the third year of the reign of Yung-Chen the emperor took action against all those who had alienated their landed property in violation of the law.[1] Funds from the treasury of the Department of Revenue were appropriated to redeem all such lands, and the original grantees were then required to redeem their lands from the government at the same price at which they were alienated. But it was found that in most cases the grantees who had alienated their land were too poor to redeem them. Emperor Yung-Chen then decided that these lands should be held by the Department of the Imperial Clan (*Tsing Yin Fu*) as trustee for the Bannermen. The lands were then rented out to the cultivators and rents collected by certain Manchu officials called *chuangtao*, each of whom was responsible for one lot or a half lot of land, 1,800 *mow* being counted as a lot. The Chinese *chungtao* occupied a position that may be compared with that of the Roman *publicani*, whose function it was to collect the revenue from lands that were not appropriated by the Roman conqueror but let out to the original owner or cultivator on condition of paying a rent or tribute to the government. It should also be noted that it was only in the case of the lands under this tenure that the Chinese government has ever made any approach to the practice of tax farming or trusting the collection of revenues to persons other than the regular civil officers of state. The rents thus collected were distributed to the Banners in their corporate capacity as " special favors " from the emperor.

These lands were held by the government for the benefit of the Banners for more than half a century. But in the

[1] *Ta Tsing Tung Kao*, bk. v, f. 31.

twenty-eighth year of his reign Emperor Chien-Lung (1746-1796) decided to redistribute them to the Bannermen for cultivation under practically the same terms as those in which they were originally granted,[1] namely, exemption from taxation and inalienability. But the rule of inalienability was neither observed faithfully by the grantees nor enforced strictly by the grantor. Under pressure of the circumstances the Manchus continued to transfer their lands, mostly in the form of pledging,[2] to the Chinese, so much so that Emperor Hsien-Feng (1850-1861) was finally obliged to take the drastic measure of abolishing this law of inalienability which had existed for more than two hundred years. "In the past the Manchus and the Chinese," says the Emperor in a decree which was issued in the second year of his reign, "have been strictly prohibited from exchanging their properties. But circumstances have made strict observance of this law impossible. Under various disguises, such as security for loans or advance payments of rent for a long period, much of the land held by the Manchus has been transferred to the hands of the Chinese. It would be futile to continue to enforce this law. In accordance with the request of the Board of Revenue let it therefore be decreed that Manchus and Chinese, except in regard to their lands in Fengtien, are hereby permitted to exchange their property without restriction." [3] Transfers of lands made before the issuance of the decree were required to be registered, as in the case of lands under common tenure, and the lands were subject to the same rate of taxation as lands under common tenure.[4] At first the taxes collected from these lands formed a separate item and were

[1] *Ta Tsing Hwei Tien Shih Li*, bk. clx, f. 1.

[2] See *infra*, pp. 76-77.

[3] *Ta Tsing Hwei Tien Shih Li*, bk. clx, f. 8.

[4] *Ibid.*

remitted to Peking in a lump sum and it was not until the thirteenth year of the reign of Kwang-Hsu (1876-1908) that the receipts of the taxes from these lands was amalgamated with the receipts of the other land taxes.[1] Although another law was passed in the fifteenth year of Kwang-Hsu prohibiting any further alienation of the Banner lands,[2] the greater part of the lands that were originally held under military tenure had been transformed by the end of the Tsing dynasty into the common tenure, of which more will be said presently.

Semi-military tenure. In many parts of China to-day there are large tracts of land known as *tun-tien,* or lands under semi-military tenure. The *tun-tien* has a much longer and more interesting history than *kwan-chuang* or lands under military tenure. The origin of *tun-tien* is to be found in the Tang dynasty (618-906 A. D.) during which a large amount of land was appropriated by the government in the various military stations to the soldiers, who cultivated them under what we may term military tenure. But toward the end of the dynasty when the country was ravaged by war these soldiers were recalled from their farms and sent to the places where their service was required. The lands were let out to the people for cultivation, the system falling into decay. It was not until the beginning of the Ming dynasty that the system was revived. Military stations were re-established throughout the country and to the soldiers in the stations lands were given to cultivate when they were not required to be in active service. These military stations were placed under the control of special officers called *Tu-Shih.*

When the Manchus came to China this system of maintaining military stations under the control of special officers,

[1] *Ta Tsing Hwei Tien Shih Li,* bk. clx, f. 9.

[2] *Ibid.*

usually one *Tu-Shih* and a number of subordinates for each province, who were independent of both the military and the civil officials of the province, was still in existence. But as the Manchu government maintained a regular army which was distributed in the provinces, besides special garrisons consisting of their own kinsmen, these stations gradually lost their military character and one after another, except in the provinces which paid the grain tributes, were abolished. In the provinces where the stations were abolished the lands were retained by the occupants and subject to rates of taxation heavier than the ordinary rates, part of which was considered as rent on the land. But in the course of time the occupiers through long possession practically became owners except that the title still remained in the state.

In the provinces which had to send grain tributes to Peking the holders of the lands were required to render certain services in connection with the transportation of the grain from the various districts to the centers of transportation, where they were put aboard junks to be transported to the capital. In such provinces the *tun-tien* were subject to lighter rates of taxation than the ordinary land.[1] But after the commutation of the grain tributes into money payment the services which were formerly required of the holders of this class of land were also commuted into money.

The taxes including the rents on *tun-tien* were originally collected by special officials known as *tun-tien* commissioners (*tun-tien yu-shih*) and *tun-tien* intendants (*tun-tien tao*). These offices were abolished at the beginning of the eighteenth century and the taxes on *tun-tien* were made collectible by the district magistrates.[2]

[1] *Ta Tsing Hwei Tien*, bk. x, ff. 33-34.

[2] In the first year of Chien-Lung (1767) the amount of land under

Tun-tien were originally inalienable. But with the commutation of the services into money payments the rule of inalienability was also relaxed and gradually abolished; and although a large part of the lands in the various provinces are to-day still called *tun-tien* they have for all purposes of taxation the same character as the ordinary kind of land.

Common tenure. The great bulk of the lands in China to-day as well as during the Tsing dynasty are held under what is called common tenure. From the discussion of the development of the tax it is apparent that from the earliest times the general policy of the government toward land has been to distribute it as widely as possible. In parceling out the soil, the question whether the emperor reserved for himself the title of ultimate ownership is of academic rather than of practical importance. The answer depends first upon the degree of interference which the emperor reserved to himself in dealing with the land; second, upon the degree of freedom which the holder had in the disposition of his holdings; and third, upon the proportion of tax imposed on the produce of the land. Theoretically, the lands in China before the Republic were considered as belonging to the emperor. The theory is probably best expressed in that classic saying: "All the land under heaven is the property of the sovereign; all the dwellers on the land are the subjects of the king." Throughout the various dynasties, at least from Ch'in on, this theory of absolute ownership of land by the sovereign has found expression in the decrees, edicts, memorials and other state papers.

But in practice the right of ownership of the emperor to land was more nominal than real. Lands once held by private individuals can be dealt in freely. They can be sold,

this tenure was, according to the official returns, 39,452,799 *mow* and the revenue collected in that year was Tls. 784,902, 1,097,064 shih of grain and 5,056,620 bundles of straw. See *Tung Kao*, bk. x, f. 2-3.

mortgaged or leased without interference on the part of the government; and the terms employed in the transfer of lands are similar to those used in the transfer of ordinary personal property. The only condition of landholding in China is the payment of an annual tax and a registration fee in case of transfer. The right of taxation is based on the theory of government rather than on a partial ownership of land. We may say, therefore, that private ownership of land under this tenure is as nearly absolute as it can be under any government in the civilized world.

It is true that the emperor was the owner of waste lands in the country and the final reversioner of all arable lands which had been abandoned by the original owner or which for any reason became ownerless. But lands were held by the government rather as a trustee for the general public than as absolute owner; for the policy of the Chinese government toward land, as we have seen, has always been to distribute it as widely as possible among the great mass of people.

Under this tenure lands are known by different names, some of which have fiscal and others historical significance. There are, for example, in many provinces large tracts of land known as *ken-min-tien* (changed-name lands) which were originally lands held by the satraps of the Ming dynasty who collected the rents, including taxes, from the cultivators. In the beginning of the Tsing dynasty these lands, as those in Chihli and Shantung, were confiscated by the government and the old rate of rents continued to be collected. But large parts of these lands were soon either sold or given to the original cultivators, as those in Yunnan.[1] In the eighth year of Kang-Hsi an edict, however, was issued reducing the rents on these lands to what was then equivalent to the ordinary rates of land tax. The tenants

[1] *Ta Tsing Tung Tien*, bk. iii, ff. 1-2.

thus became virtually owners of the land. There is another class of land known as *lu-tien* or reed-land, found in the maritime provinces and along the rivers. On these lands reeds were raised, the cultivators being charged a sort of quasi-rent. A fuller discussion of the various classes of lands under this tenure will be given when we come to the discussion of the land tax.[1]

Public lands. It has already been pointed out more than once that the policy of the Chinese government almost from time immemorial has been to parcel out the arable area of the country among the cultivators as far as possible. The government has never held any extensive public domain. There was, however, in the Tsing dynasty one class of lands which may properly be called public lands. This consisted of the hioh-tien [2] or educational land and lands that were given to the various public institutions without power of alienation. The educational lands were appropriated at the beginning of the dynasty for the purpose of maintaining the educational institutions, as was done in many of the American states in the nineteenth century. The rents, including the taxes on these lands, were collected as the other kinds of lands by the district magistrates and then turned over to the provincial literary chancellor for the above-mentioned purposes. The other portion of lands in this class was made up of grants to the temples and tombs of the sages of the country for their maintenance, and to the various public institutions of the provinces. These lands constitute, however, a small portion of the total cultivated land of the country.[3]

[1] *Cf. infra*, pp. 90-91.

[2] The amount of educational land was given at 1,158,600 *mow* distributed in the various provinces. *Tung Kao*, bk. xii, f. 16.

[3] For a fuller description of this class of land *cf. Ta Tsing Tung Kao*, bk. xii, *passim*. The amount of land under this class was given at 362,000 *mow* in *Hwei Tien*, bk. x, f. 33.

CHAPTER VI

Modes of Acquiring and Transferring Lands

Having discussed the various systems of land tenure in China, let us now turn our attention to a study of the modes by which lands are acquired and transferred. Upon analysis we find that there are four general methods, each of which has several variations, *viz.:* (a) transfer of land by sale; (b) transfer of land by mortgage; (c) succession and inheritance; and (d) acquisition of abandoned or new land.

Transfer of Land by Sale. Transfer of lands by sale is effected by means of a deed subscribed to by the seller and one or more middlemen. The form of the deed is made uniform throughout the country. It usually states that the seller being in want of money or desirous of investment elsewhere and having first offered the land to his kinsmen, who declined to buy, has agreed through the middlemen to sell it to so-and-so for such-and-such a price. This citation that the kinsmen have been first consulted is derived from the ancient custom that land should not be transferred to persons outside of the family or clan in whom, in distinction from individuals, was vested the right of land ownership. The middleman is usually a neighbor or friend of the parties. Although he does not guarantee the validity of the title, he is supposed to vouch for the seller's being what he represents himself to be, and that the transaction is carried out in good faith. The number of middlemen in some cases is as great as eight or ten.

Another indispensable party to the transfer is the *tipao* or the village headman, who, as we have seen, performs certain important functions in connection with the collection of the land tax, the survey of the lands and the settlement of land disputes. The *tipao's* seal must be affixed to the deed before it can be registered in the office of the district magistrate, a formality which is required of every transfer of land by sale. The legal fee for registration is three per cent of the price stated in the deed of sale. In practice it usually amounts to nine or ten per cent, as there are several extra charges, such as *yamen's* fee, meltage fee, *etc.* On account of this heavy rate this tax is often evaded in whole or in part. Evasion in part can be easily effected by executing two deeds, the price in the deed going to the district magistrate for registration being greatly understated while the true consideration is stated in the one retained by the vendee.

A sale of land may either be irrevocable or revocable. In the latter case it is expressly stated in the contract that the vendor reserves the right of redemption within a given period. If he does not exercise his right of redemption on the expiration of the stated period the vendee retains possession of the land. The vendor in case of revocable sale is said to retain the *tien-chun* or root of the soil and the vendee is said to possess only the *tien-mian* or the face of the soil. If the deed is not clear as to whether the sale is revocable or irrevocable the law solves the question by prescribing that if thirty years have elapsed the sale is to be considered as an irrevocable sale and the seller cannot demand either redemption or the balance of the value of the property, while if the sale is of less than thirty years' standing it is to be considered revocable.

Transfer of Land by Mortgage. The second method of transferring land in China, which is probably older than

that of sale, is the mortgage. There are two kinds of mortgages—the mortgage proper and the pledge. Similar to the practice of the English-speaking world the Chinese mortgage proper is a contract by which money is borrowed on the security of the land, the mortgagor retaining possession, although he surrenders the title-deed of the property to the mortgagee with a memorandum setting forth the terms of the transaction. The mortgagee has no claim on the property unless the mortgagor fails to pay either the interest or the principal at the expiration of the term agreed upon and in that event he may secure from the local magistrate a decree to sell or foreclose the property.

The Chinese *tien-tan* or pledge differs from the mortgage proper in several essentials. In the pledge, the debtor delivers the property to the creditor in consideration of a sum of money, the use and income of the property being surrendered in lieu of interest during the period of the contract. The original owner of the land, however, can get it back on repayment of the money. The theory here is that the land and not the money is lent. The owner merely "lends" the land to the creditor for the use of the money. He retains the title of the land and pays the taxes on it. "The pledge differs from the mortgage," as has been pointed out by an eminent authority on Chinese jurisprudence, "in that in pledging, the debtor delivers the property and pays no interest on the money due, and the creditor enjoys the property and its income in lieu of interest; in a mortgage, however, the debtor only secures the debt on the property, does not deliver possession of it and pays interest, while the creditor does not enjoy the property and its income, but only has an action against it if the debt is not repaid by the debtor." [1] Pledging may also be distinguished from revoc-

[1] Peter Hoang, *A Practical Treatise on Legal Ownership*, ch. iii, sec. xxiii.

able sale in the fact that in pledging the time of redemption is usually indefinite and seldom extends beyond ten years, at the expiration of which the pledging must be converted into a sale by a new contract, and further, in the fact that in pledging the parties exchange deeds, one executed by the party delivering the property and the other by the party receiving the property.

Under the Chinese law mortgages, including pledging and revocable sale which for purposes of taxation may be considered as mortgages, are exempted from taxes except a registration fee of one and one-half per cent of the mortgage value. Such registration, however, is required only of mortgages of more than ten years duration. The result is that the payment of this fee is evaded almost invariably by limiting the duration of the mortgage to ten years and renewing it, if necessary, at the expiration of the period.

Historically these three forms of transferring lands, pledging, revocable and irrevocable sale, appear to possess a sequence of development. Pledging is perhaps the oldest of the three; revocable sale, the intermediate, and irrevocable, the latest. In early times lands were owned, not by the individuals but by the family or the clan as its common property, and sale was prohibited. As the right of individual ownership developed the prohibition against alienation was relaxed. Although the family as a whole possessed a more or less qualified interest in the land, the individual was permitted to deal in it provided he paid due regard to the family rights by reserving the right of redemption or by giving the other members of the family the first option of purchase. Instead of selling the land outright he reserved the right of redemption. As time went on the right of individual ownership was further developed and the revocable sale, which was a step further toward the direction of final alienation, was adopted. It was not until individual owner-

ship in distinction from family ownership was fully recognized that the irrevocable sale was finally established.[1]

It may be interesting to observe that the Chinese pledging bears a close resemblance to the Roman *pignus*. Similar to the Chinese pledging, the Roman *pignus* involved a transfer of the land to the creditor as a security for the money, the creditor enjoying the use or the income of the land during the period of contract in lieu of interest. "There is, however, this important difference, namely, that in case where the debt was not paid at the stipulated time, the creditor, not the debtor, was clothed with authority to sell the pledge and reimburse himself from the proceeds."[2]

At the expiration of the time of pledging, and for that matter, of revocable sale as well, the property may be redeemed or a subsequent receipt of the balance of the value may take place. On redemption the property should be returned in the same state as it was received. If improvements on the land have been removed or damaged, deduction for compensation is made from the price of redemption. On the other hand, if improvements have been made by the occupant they may be taken away or sold to the redeemer. If the property is not redeemed the original owner may claim what is called in Chinese *chia-chiao*, or payment of the balance of the value. The claim for such payment does not always involve the selling of the property by irrevocable sale. The deed may or may not be converted into an irrevocable sale. In the latter case the balance is paid and the time of redemption extended, at the expiration of which the owner may claim redemption but

[1] See George Jamieson, "Land Tenure in China." *Jl. Asiatic Assn.*, vol. xxiii, pp. 71-72.

[2] T. T. Meadows, "On the Tenure and Transfer of Real Property in China and the Mode of Succession of Land." *Jl. Asiatic Assn.*, vol. xxiii, p. 160.

not any further payment. If he does not redeem the land he must execute a deed of irrevocable sale to the buyer or the pledgee as the case may be.

It may be observed here that in some parts of the country a further claim may be made on the buyer of an irrevocable sale on the basis of alms. Such consideration is based on what the Chinese call "sympathetic consideration" and is not upheld by the law. To avoid such claim a written statement was sometimes required by the buyer of an irrevocable sale. It should also be noted that in some parts of the country an irrevocable sale is executed in one deed while in other parts four deeds are required, namely, a deed of revocable sale, a receipt of the balance of value, a deed of subsequent irrevocable sale and a statement of the receipt of the alms. These are executed simultaneously.[1]

In transferring lands in China a distinction between the *soil* and the *surface* is sometimes made. Where such distinction is made the soil is usually worth from three to eight times the amount of the surface.[2] The possessor of the soil is called *tributary* (he pays the *tribute*) and is liable for the tax on the land while the possessor of the surface who is usually also the cultivator has the preferential right to lease the land for cultivation. The owner of the soil cannot make any improvement on the land without his consent. Nor can he be dislodged from the land unless he fails to pay his rent to the amount of the value of the surface. In other words, the possessor of the surface has the exclusive right of leasing the land while the possessor of the soil has only a limited right over the land.

[1] Peter Hoang, *op. cit.*, ch. iii, secs. xxviii-xxx.

[2] In some parts of the country however the reverse is true. The surface is worth more than the soil and its possessor may make any improvements on the land without the interference of the possessor of the soil.

Either one of the two rights may be transferred separately. In case the *tributary* transfers his right to some other person, the tenant must be notified and required to sign a new lease. On the other hand, if the tenant transfers his right he must satisfy the tributary, the possessor of the soil, that the new tenant will pay his rent faithfully. Instead of selling his right, the tenant may merely lease his right of cultivation to a third party, and in that case the lessee pays rent to both the possessor of the soil and the owner of the surface. This distinction between the soil and the surface is peculiarly Chinese, and although it is not very common to-day it was the prevailing practice in earlier times.

Transfer of Land by Inheritance. The third method of acquiring the right of land is by inheritance or succession. The general rule of succession in China is that upon the death of a man his property, both personal and real, is divided equally among his male issue. Under no circumstance would the law permit a man to deprive his children of the right of succession to his property. It is true that during his life one may give part of his property to benevolent institutions but he cannot bequeath his property by will for such purposes. If he has no male children he may adopt a son from his consanguineous agnatic relatives. It is only in default of male heirs, born or adopted, that the female children inherit his property. The preference for an adopted male over the female is to be explained by the existence of ancestor worship, which can be carried on by the male children only. In case there is no heir, the land reverts to the government. The law requires the village headman to report such cases to the local authority.

It should be observed that the rule of equal division among the male issue applies only to the lands of the people. In the case of lands granted by the emperor or in the succes-

sion of the rank of nobility the doctrine of primogeniture is followed in China as elsewhere. The actual division of the property, however, does not always take place immediately after the death of the father. The heirs may continue to live together, especially when there is a mother or unmarried sisters to be provided for, or the property is too small to be divided advantageously. But division usually takes place in the next generation if not in the present one. On division the oldest son is usually entitled to an extra share in order to defray the cost of carrying on the family ancestor worship. This system of division is certainly one of the important factors in accounting for the small land holdings in China. By this process of division the holdings tend to become smaller and smaller.

Acquisition of Abandoned or New Land. The fourth and last method of acquiring land is by taking possession or purchasing from the government lands that have not been cultivated, lands which have reverted to the government through abandonment, or lands newly formed by alluvial or other natural process and unclaimed. We have already seen that the government is in theory the final reversioner of all lands, either unclaimed or reclaimed.[1] Such lands may be acquired either by taking possession or by purchase from the government. Formerly, in cases where land was abundant, it could be acquired merely by bringing it under cultivation, and after a period of from three to ten years according to the local conditions, when the cultivator began to pay his tax on the land, he acquired his permanent title.[2] In cases where the land was less abundant, a price according to the kind of land and the local conditions was usually charged by the government, and in such cases the purchaser acquired title to the land immediately after the payment of

[1] *Cf. supra*, p. 72.

[2] *Cf. supra*, p. 59.

the price.[1] In either case the owner had to bring the land that he acquired under cultivation. He could not acquire such lands in any amount larger than that which he could put under cultivation. Speculation was thus made very difficult. The Chinese theory of land holding is that land is held for the benefit of the community and that no one should hold more of it than he can turn to some account. This theory was carried out in the early part of the Tsing dynasty, even so far as to require by law the large landholders to lease out holdings to cultivators under penalty of confiscation.[2] It had a tremendous influence upon the system of land holding and the economic development of the country. Coupled with the principle of equal division that we have just discussed, it accounts to a large extent for the small size of land holdings and the extent of the area of cultivation. The small holdings, and the intensive cultivation are responsible for many of the characteristic economic developments of the country, such as the size of the population, the absence of slavery and serfdom, the absence of a landed aristocracy and the democratic character of the people. Would space permit, it would be most interesting and important to carry this study further. That, however, is not our immediate concern in this monograph.

As to lands formed by alluvial deposits, the Chinese law distinguished two kinds, namely, "old lands now reformed" and "lands formed independently in the middle of the stream." "Reformed lands" were lands which had been washed away but which reappeared, either in the same locality or on the other bank of the stream or in its neighborhood. Such lands belonged to the owner whose lands had disappeared. Claims were made to a local magistrate

[1] *Cf. supra*, pp. 58-59.

[2] *Ta Tsing Tung Kao*, bk. x, f. 10.

who, after satisfying himself of the validity of the claim, would issue a new certificate to the claimant and enter the same on the public record. In case of lands newly formed which had not been claimed, or claimed without sufficient proof, the lands reverted to the government, which could then either sell them or allot them to the cultivators as the case might be. Such lands were, however, often exempted from the land tax for a period of from three to ten years, according to local conditions.

Besides these two kinds of lands there is a third that should be noted. This is what the Chinese call "waste lands," that is, lands which either have not been cleared or are not suitable for cultivation. On such lands, especially those which are adjacent to the villages, the villagers have common rights to pasture or to cut wood for fuel. In certain southern parts of China, where coal is very little used for fuel purposes, cutting wood was an occupation followed by many people. There was no provision of law against it; anyone had a right to chop down trees and shrubs from the waste lands. This situation undoubtedly accounts to a large extent for the deplorable condition of the forests in China.

Having discussed the modes in which lands may be acquired or transferred in China, let us now turn our attention to the ways in which lands are leased. As has been pointed out, the land holdings in China are, as a rule, very small. There is no landed aristocracy in China. It is true that at the beginning of the Tsing dynasty a considerable amount of land was granted to the Manchu princes and nobles. But such grants were, as a rule, very small in comparison with those held by the feudal lords in Europe.

In fact, even during the feudal period in China the feudal lords, as a rule, never held lands that could be compared in size with that of the European lords. More-

over, during the Tsing dynasty titles of nobility were inherited only in a descending degree. The rank of the heir was always one degree below that of his immediate ancestor [1] until it reached the thirteenth, which is the last degree, when he would practically become merged with the body of the community. Outside of this small class lands were subjected, as has already been pointed out, to the rule of equal division among the male children. By this constant process of division land holdings have tended to become so small that no further division can be carried out advantageously.

The families, however, may hold together and refrain for a few generations from dividing the lands, and considerable tracts of lands are held by such families. There is also a considerable amount of land held by public and private institutions, such as the temples, memorials to saints and ancestors, educational institutions, *etc.* Such lands are usually leased out in small allotments to the tenants. In the more populous parts of the country the allotments are usually very small. The manner in which leases are made differs from place to place. The relation between landlord and tenant is, however, purely an economic one. The lease is almost invariably entered into at will and is usually for a short period of time. The rent is in some cases paid in money and in others in produce. If in money it is usually fixed at so much per year and when in kind at a fixed proportion of the principal crop. On the best land the rent is about one-half the annual product and diminishes with the quality of the soil. Most of the land yields one or more subsidiary crops in the course of the year, besides the principal crop; but these usually belong to the tenants, rent being taken only on the principal crop. It

[1] *Ta Tsing Hiue Tien*, vol. i, pp. 1-6.

is the custom to thresh out the crop immediately on its being harvested, and the landlord's share is handed over at once to his agent, who takes good care to be on the spot to receive it. Rent is thus seldom or never in arrears and evictions are very rare. Outside of the rent the tenant owes the lord practically no further obligation. He is in no way bound to the soil. The position of the Chinese tenant is, therefore, on the whole much better than that of the Hindu or the Russian peasant.

The tax, as we have seen, is paid by the landlord. According to the Chinese law the landlord should share with his tenant to the extent of three-tenths of the tax when it is remitted by the government either as a result of the failure of the crop or as a special favor to the people on certain occasions. It seems to be assumed by the Chinese law that part of the land tax, to the extent of one-third, is shifted by the landlord to his tenant, who is therefore entitled to deduct that amount from the rent when the tax is remitted by the government.

CHAPTER VII

The Nature and the Development of the Land Tax under the Tsing Dynasty

The land tax of the Tsing dynasty (1644-1911) is in part a heritage from the preceding dynasty and in part a development peculiarly its own. It consists of a number of contributions and taxes which were in course of time amalgamated into one single levy, called in Chinese *tien-fu*, or general land tax. Some of these contributions were in former times incidental to the holdings of land, while others were assessed independently. Again, some of them were originally paid in produce or money while others were paid in service. There are no less than four distinct elements in the so-called land tax of China in the period under discussion, namely, (1) the land tax proper, (2) the grain tribute, (3) the poll tax, (4) the surtax. Let us discuss in detail these four components in the order presented.

The Land Tax Proper. The land tax proper of the Tsing dynasty is in the main a heritage from the preceding dynasty. It has been shown in the preceding chapters that toward the end of the Ming dynasty, when the weak emperor was tottering on his throne and the country was filled with disorder, there were imposed on the land a number of extra burdens, among which were the "Three Supplies."[1] These extra levies amounted in some cases to several times the regular tax, and were often explained by Chinese historians as one of the causes leading to the

[1] *Cf. supra*, pp. 53-54.

downfall of the dynasty. When the Manchu dynasty came to the throne it abolished all these extra levies, in line with the traditional policy of conciliating the people by lessening their burdens when a new dynasty came into power. The rates which had obtained during the reign of Wan-Li and Tien-Chi, before the period of disorder, were restored.

Moreover, many attempts were made in the early part of the dynasty to improve the system. Some of the reforms were sound in principle and it is to be regretted that they were not retained in the later years. A new survey and valuation of the land was made in the reign of Shun-Chi (1644-1662) and provisions were also made for re-valuation of lands subject to frequent changes every five years and of ordinary lands every ten years. The result of the first survey was embodied in each district in a book commonly known as the book of "fish scale," a term derived from the appearance of the map attached to the book. The Board of Revenue also kept the results of the survey of the various districts in what was known as *Chang-Liang-Shih* or Survey Book. A uniform unit of measuring land by the *bow* was adopted. The *bow* was equal to five lineal feet, and two hundred and forty square *bow* were declared to be a *mow*.[1] The *mow* was fixed to be the unit of land measurement throughout the country except in Manchuria where the *tien* and the *sien* were allowed to be used. Both the *tien* and the *sien* are, however, simple multiples of the *mow*, the former being equal approximately to six *mow* and the latter to twenty-four *mow*. In the twelfth year of Shun-Chi (1656) this basic unit of measurement, namely, the *bow*, was ordered to be manufactured by the Board of Revenue and distributed to the various districts.[2] Another law was

[1] One Chinese *mow* is equivalent to approximately one-sixth of an English acre.

[2] *Shih Li*, bk. clxx, f. 8 and *cf. infra*, p. 122, footnote.

enacted in the eleventh year of the reign of Chien-Lung (1747) to enforce this uniform unit of measurement.[1]

Besides the adoption of the unit of measurement and the survey of the lands Emperor Kang-Chi also compiled three monumental books. The first was known as the Complete Book of Revenue and constitutes what we may to-day call a tax-roll, besides containing other information concerning the revenue of the empire. The book took the emperor, we are told, ten years to compile. The second book was known as *Chie Lieh Chih,* or Book of Population. It contained the number of families and the number of taxable heads in the various districts of the empire. The third book was called the "Yellow Book," which was to be compiled every year and to form a current supplement to the Book of Revenues.[2]

In order to prevent irregular practices on the part of the tax-collectors several very interesting and important changes in the system of collection were introduced. After the survey was completed the district magistrates were ordered to make a tax-roll for every ten, or sometimes five, families, which was to give the amount of land possessed by each of the families, the rates of assessment on the land and the total amount due from each family. These tax-rolls were to be posted in the villages where the tax-payers could easily see them. The tax-bill for each individual family was made out in quadruplicate. One copy was to be forwarded to the prefect for checking, one to be kept by the collector for reference, one to be retained by the taxpayer, and the fourth to be deposited in a box in front of the magistrate's *yamen* by the taxpayer when he paid the tax. The tax was not to be collected by the runners of the *yamen*, but de-

[1] *Ta Tsing Tung Tien*, bk. i, ff. 3-4. *Cf.* also *Ta Tsing Tung Tien*, bk. vii, f. 26.

[2] *Shih Li*, bk. clxxiv, *passim*.

posited in a sealed box placed during the period of collection in front of the *yamen* or in some other public place. These tax boxes were not to be opened except in the presence of the district magistrate. In case the amount deposited by the taxpayer was found short of the required amount, the orginal sum was handed back to the taxpayer, who would then make a new deposit at the box. No tax-collector was allowed to receive money from the taxpayer.[1]

The principles underlying these measures were certainly sound, and with a new strong government at the head some of the old irregularities were at first eliminated. But as time went on, the rules were either allowed to lapse or new methods of corruption were resorted to by the collectors. In the third year of his reign Emperor Yung-Chen in his edict described the situation of tax collection as again deplorable and said that various illegal acts, such as altering the tax bills, secretly opening the collection boxes and under-reporting the number of taxpayers, were practiced by the tax collectors.[2] A series of laws was passed during this and the succeeding reigns to enforce the system introduced at the beginning of the dynasty.

Of all the laws that were passed in regard to the subject of taxation and revenue in general during the Tsing dynasty none was more important than that enacted in the fifty-first year of the reign of Kang-Hsi (1713) which became known as the "permanent settlement."[3] This law declared that the number of taxable heads in the country, as shown by the census of the fiftieth year of the reign, and the land tax was to be fixed and immutable for all time. The tax became practically an apportioned tax, the amount collectible from each district being based on the returns of 1713. In theory

[1] *Ta Tsing Tung Tien, op. cit.*, bk. vii, ff. 23-26.

[2] *Ta Tsing Tung Kao*, bk. iii, f. 15.

[3] *Cf. infra*, pp. 99-100.

this law was observed to the last day of the Tsing dynasty. It is true that since 1713 the land tax has increased probably several times over; but the increases were made under various disguises, which we shall discuss under the topic of surtax. The nominal rates, then, of the tax for the last two centuries of the Tsing dynasty were based on those imposed in the year 1713.

These rates are given in the *Ta Tsing Hwei Tien Shih Li* in full.[1] Theoretically, they were determined according to the " richness and meagreness " of the land. The lands in each province were divided, in the first place, into from three to twelve kinds; and for the most part each kind of land was designated by a different name. Some of these names have historical and others fiscal significance. No two provinces have the same classification. Each kind of land was then divided into three classes and each class subdivided into three grades according to the fertility of the soil. The tax consists almost invariably of two parts, one payable in money and the other in rice, wheat, millet, beans or other produce. The payment in kind sometimes consists of three or four different kinds of produce, each at a given rate. But although each kind of land was divided into nine grades, each with a different rate of taxation, the central government set only a maximum and a minimum rate for each kind of land, and the determination of the actual amount or rate to be imposed on each grade of land was left to the district magistrates.

The complexity of the rates can be easily seen by a perusal of Book 162 of *Ta Tsing Hwei Tien Shih Li*, which contains the official rates by provinces. In Chihli, for example, there were no less than twelve kinds of lands, among which were *min-fu-tien*,[2] or " people's land," subject to a

[1] *Cf. Shih Li*, bk. clxii, *passim.*

[2] *Cf. Finance of the Republic*, vol. i, pp. 236-245.

tax, varying from Tls. 0.0081 to Tls. 0.013 in silver, one *sheng* to ten *sheng* of rice and .908 to 4 *sheng* of beans per *mow; tun-tien* " military land " which was subject to a tax of Tls. 0.007 to 0.0783, 0.879 to 9.072 *sheng* of rice and 0.438 to 3.6 *sheng* of beans and 192 to 417 bundles of straw; *etc.* In Kiangsu the *min-fu-tien* was taxed at Tls. 0.015 to 0.106, of silver, 0.21 to 7.10 *sheng* of rice, .050 to .080 *sheng* of wheat and .080 to .910 *sheng* of beans and the *min-ti* or " ordinary land " was taxed at Tl. 0.0089 to 0.6300, .790 to 5.900 *sheng* of rice and .080 to .230 *sheng* of wheat. Such a complication of rates was by no means exceptional but, on the contrary, quite typical. Under such conditions the wonder is not that the land tax was administered so badly but that it worked at all.

In theory, therefore, the tax was payable partly in produce and partly in kind, but, as will be shown later in the discussion, part of the money payment in all except four provinces was required to be remitted to Peking, the rest being retained by the province for provincial expenditure. The collection in produce was retained by the provinces for provincial expenditure in thirteen out of the twenty-one provinces. The other eight provinces situated in the great Yangzte Valley were required to send all the produce collected to Peking, and the grain thus sent became known as the " grain tributes." The reason that these eight provinces were required to send the grains to Peking is twofold. In the first place, they were the best grain-producing provinces of the country, and in the second place they were so situated that transportation to Peking was least costly. Three of these eight provinces are traversed by the great inland highway of China, the Grand Canal, and the other five are so situated that connection can be easily made with the great Yangtze River. The theoretical rates of the tax in kind were the same for the twenty-one provinces. But the tax

payers in the tribute-paying provinces had to pay the cost of transporting the grains to the Capital and this constituted the difference between these two groups of provinces.

The Grain Tribute. According to the statutory laws of the Manchu dynasty there were five different kinds of tributes in grain required, namely: (1) the principal tribute, (2) the auxiliary tribute, (3) the white-rice tribute, (4) the millet tribute, and (5) the black-bean tribute. The amount of the principal tribute required was, according to the statutes, 3,300,000 *shihs* of grain to be sent to the granaries in Peking for the maintenance of the Banner troops, of which there were about 200,000. The auxiliary tribute consisted of 272,650 *shihs* of grain to be sent to Tungchow, a city fifteen miles from Peking, for the use of the princes and officials in Peking. The white-rice tribute, which was sent partly to Peking and partly to Tungchow for the use of the imperial household and the tributaries from the dependencies, amounted to 135,225 *shih* of white rice collected entirely from Kiangsu and Chekiang. The tribute in millet was required for the use of the imperial household, amounting to 9849 *shih* of millet. The black-bean tribute was collected from the two bean-producing provinces, namely, Shantung and Honan, for the feeding of the horses of the troops in the north, the amount required being 208,199 *shih.* These were the amounts originally required to be sent to Peking annually. They were apportioned among the eight so-called grain-tribute provinces, the amount required of each province being given in the statutes.

These amounts did not, however, constitute the total required of the provinces. There were a number of extra levies which were added one after the other in the course of time to the principal amounts originally required. In order to show the confusion of the system several of these extra levies will be mentioned here. In the first

place, there was levied the so-called "wastage charge," the amount of which varied from 25 to 40 per cent of the principal amount. The rate was different for the several "tributes," as indicated in the preceding paragraph, and different for the several provinces. A small part of this wastage charge was allowed to be retained by the transportation forces for their maintenance, the main part was required to be delivered at the government granaries. Secondly, there was a "light-weight charge" the rate of which was 16 per cent for Honan and Shangtung, 26 per cent for Kiangsu and Anhwei, and 22 per cent for the other four provinces. These rates, however, applied only to the "principal tribute." On the other kinds of "tribute" the light-weight charge was fixed at two *sheng* for each *tao* or 20 per cent, which was commuted into money payment at the rate of Tl. 0.01 for the two *sheng*. Thirdly, there was a "cargo wastage" charge, the rate of which varied from 15 to 23 per cent. In the fourth place, there was a "transportation charge" which was originally collected to defray the expenses of transporting the grain to the north, but later appropriated by the central government, leaving the officials in charge of the transportation to collect what they could from the people.

In the earliest part of the Tsing dynasty the full amounts were required to be sent to the north in the form of grain, no province or district being allowed to commute them into money payment. But soon it was found that some districts, stricken with drought or famine, were unable to remit their full quota in kind. The emperor in such cases, "out of his consideration not to deprive the suffering people of their grains," inaugurated the practice of permitting such districts to commute the "tribute" into a money payment. The commutation might be in whole or in part and was usually valid only for a short period. The bulk of the "tributes"

continued to be sent in kind until after the Taiping Rebellion (1850-1865) which threw practically the entire revenue system into disorder. During this period of confusion it was, of course, impossible to collect and transport the grain to the north, and it was found advantageous and even necessary for the government to allow commutation. During the twelve-year period 1858-1870 six out of the eight provinces commuted their tributes into money payments.

Commutation would seem to offer an opportunity to consolidate these various payments into one single item and do away with some of the vicious practices which had developed. But nothing of this sort was done. Instead the rates of commutation introduced still more absurdities into the already most complicated system. The rates of commutation adopted varied from province to province and from district to district, and sometimes even from one piece of land to another in the same district.[1] Further, in some places the rate of commutation was given in copper cash while in others in *taels*.

The value of the grain tributes received by the government at Peking has been estimated at widely varying figures. George Jamieson puts it at a little over five million dollars,[2] H. B. Morse puts it at about seven millions,[3] and Sir N. J. Hannen puts it at six millions and a half.[4] These figures were all based on the prices at the end of the last century. When the Republic was established new rates of commutation based on the current market value were established and the receipts from these commuted tributes were estimated at approximately seventeen million dollars.[5] The discrepancy

[1] Morse, *Trade and Administration of China*, pp. 93-4.

[2] *Ibid.*

[3] *Ibid.*, pp. 91-94.

[4] J. Edkins, *The Revenue and Taxation of the Chinese Empire*, p. 55.

[5] *Finance of the Republic*, vol. i, p. 121.

between the early and the later figures cannot, of course, be explained entirely by the difference in the price of the grains. Part of the discrepancy is perhaps due to the degree of stringency with which the central government enforced the collection of the tributes.

These figures represent merely the amounts that were turned over to the central government, which constituted, however, only a fraction of the actual amount collected from the people. We have no way of ascertaining the latter figures; but according to the estimates of two of the best foreign authorities on the revenue of China the value of the grain tributes actually collected at the close of the last century was about twenty-five million dollars in the terms of the prices prevailing at that time.[1]

The Poll Tax. The poll tax in China was first introduced in the Han dynasty in lieu of military and other services which were required of the able-bodied man under the Chow dynasty. The tax was continued by the succeeding dynasties in one form or another. The system that existed in the first part of the Tsing dynasty was substantially the same as that of the Ming dynasty.

Theoretically, every able-bodied man of the empire was liable to the tax, the rate of which varied considerably from province to province. In Chihli it was from Tls. 0.03 to 2.657, and in Honan it was from Tls. 0.01 to 1.20 per head, Tls. 2.657 being the highest rate and Tl. 0.01 the lowest in the eighteen provinces.[2] For the purpose of levying the poll tax the people were divided into four classes, each of which was subdivided into three grades. The rate that each individual had to pay was based on what the Chinese called "material strength" of the individual or what the modern

[1] See Parker, H. E., *China*, pp. 106-8 and Morse, *op. cit.*, pp. 91-94.

[2] The rate for Shantung was Tls. 0.20 to 0.35; for Hunan, Tls. 0.03 to 0.835.

financiers would call ability. In theory the tax was sound, but in practice it was a vexatious measure. The people were divided into classes and grades but no definite rate or rates were assigned to each class or grade. The rate for each district was in practice left in the hands of the district magistrate as in the case of the land tax. It varied all the way from the minimum to the maximum rates prescribed for each of the provinces.

For the purpose of levying this tax a census was taken every five years. This census differed from our modern census in that it included only the able-bodied men between the ages of sixteen and sixty. The method by which this census was taken is very interesting. Every one hundred and ten families were organized into a *li*, at the head of which was appointed a *li-chang* or *li*-headman. He was responsible to the district magistrate for the poll-taxes of his unit besides performing other important functions in connection with the public affairs of the *li*.[1] The heads of the ten families having the greatest number of *ding*, or able-bodied men, were chosen to be the *chia-chang* or head of the *chia*, and to each of the ten *chia-chang* was assigned ten families. The widower, the widow and the orphan were called "odds" and were not included in the one hundred and ten families. At the time of census-taking every family was required to report the number of *ding* or taxable heads in his *chia*, including his own family, to the *li-chang* or *li*-headman. The *li* were classed into urban, sub-urban and rural, and the headman of each was to transmit the returns that he had collected from the ten *chia-chang* within his jurisdiction to the district magistrate. The district, as we have pointed out, was and is the most important unit of administration in China. The district magistrate then turned

[1] *Ta Tsing Wen Hsien Tung Kao*, bk. xix. ff. 7-8. Also Ross, *The Reigning Dynasty of China*, p. 645.

over to the prefect the returns of his district, who in turn reported to the provincial treasurer. Thus "each district magistrate has a general register for all the *li* in his district; and the provincial authority one for all districts in the province. When the provincial register books are filled up, they are sent to the Board of Revenue, at Peking, which literally means the Board of Households." [1]

The census was taken every fifth year. According to the first, taken in the eighteenth year of the reign of Shun-chi (1662), the number of *ding* or taxable heads in the empire was 21,068,609.[2] The number increased steadily until the fiftieth year of the reign of Kang-shih (1712), when it reached 24,621,334.[3] In that year the total amount of the poll-tax collected was reported in round numbers to be Tls. 5,500,000.[4] The average rate per taxable head amounts, therefore, to approximately Tls. 0.14. The population of China at that time was over one hundred millions, probably between one hundred and twenty and one hundred and fifty millions. The number of taxable heads constitutes, therefore, less than one-fifth of the number of the people. We have not been able to find any record in regard to the rules of exemption under which such a large portion of the population was relieved of this tax, except that the family of an official was exempted from the tax for three generations and that all literati who had passed the first competitive examination were also exempt. Most

[1] Ross, *op. cit.*, p. 646.

[2] *Ta Tsing Tung Kao, op. cit.*, bk. iii, f. 2.

[3] According to the census thus taken the number of taxable heads in the empire were as follows:

Shun-chi 18th year	(1662)	21,068,609
Kang-shih 24th	(1686)	23,411,448
Kang-shih 50th	(1712)	24,621,334
Kang-shih 60th	(1722)	27,355,462

[4] *Shih Li*, bk. clvii, ff. 3-4.

probably each family was subject to furnish only one or more taxable heads according to the amount of land owned.[1]

The tax remained in force until the fifty-first year of the reign of Kang-chi (1713) when an imperial decree declaring that the number of taxable heads for the empire, as shown in the census of the last year, shall be fixed and immutable for all times. "In reading over the returns on population," says that emperor in his decree, "we see that our governors have not reported all the increases of people in the Empire. As our Empire has been enjoying peace and prosperity for a long time, such increases must have been very considerable. But it would be unjust for us to increase our tax in proportion to the increases of people, for our land from which the people obtain their income is a fixture and does not increase with the increase of population. Let it therefore be decreed that the number of heads liable to the poll tax, as shown in the last census, shall not be increased nor decreased in the future, and that people born after this day shall be exempted from the tax. Our treasury is now very rich. We have granted remission of taxes to the people amounting to millions of taels. Our revenue will be always sufficient. Our purpose in requiring the reports on the increase of people is not to increase our revenue but to know the actual number of people under our rule."[2]

[1] John Ross, in his book already referred to, considers the *ding* or taxable head as representing, theoretically, ten families. "Every *li*", he says, "was divided into a hundred and ten families *or hoo*; only ten of these were called *ding* who were the subjects of the poll tax . . . The *ding* is the arbitrary poll tax unit, ten to a square *li*. (which contained one hundred and ten families)" (pp. 645-6). Mr. Ross is seriously mistaken here. If the *ding* represents ten families, on the average, then there must have been 246,213,340 families in China at that time, since there were 24,621,334 taxable heads; which would be absurd, as the population at that time was less than one hundred and fifty millions. The *ding* was merely the individual who was subject to the tax. A family might have one or more *ding* or none.

[2] *Vide Shih Li*, bk. clvii, f. 1.

In order to carry out this law it was also provided that "except in the cases where the number of *ding* or taxable heads assigned to each family was based on the amount of land possessed, when the *ding* of the family was discharged on account of death or attainment of the age limit one of the tax-exempted men will be required to succeed him. Should the family be unable to furnish the required *ding*, one of its kindred families will then be required to appoint one."[1] From this statement we see that the unit of the poll tax was the family rather than the individual, and the number of *ding* required of each family was based on the number of the people in the family or the amount of land owned.

In this decree we also find the reasons for the Emperor's taking that unusual and important step. In the first place, the decree was issued in order to obtain the reports of the actual increase of population from the provincial authorities who had not done so hitherto in order to avoid the increase of the amount of the poll tax for their respective provinces. In the second place, there was a sufficiency of revenues[2] and the emperor, in keeping with the traditional practices of Chinese benevolent rulers, desired to conciliate and please the people by lightening their burden.

The permanent settlement of 1713 is important for several reasons. In the first place, it practically did away with the old system of taking a census of the number of the people liable to poll tax and led to the establishment of the modern methods of census taking, which were introduced in the early part of the reign of Chen-Lung (1736-1796) and continued for over a century until the time of the Taiping Rebellion at the middle of the nineteenth cen-

[1] *Cf. Shih Li*, bk. clvii, *passim*.

[2] Parker, *op. cit.* estimated that the surplus accumulated in the treasuries at that time amounted to no less than Tls. 70,000,000.

tury. This census, taken at frequent intervals, gives us the record of the size of the population of China during this period. In the second place, the establishment of the immutability of the poll tax led to its amalgamation with the land tax. Hitherto the tax was apportioned among the provinces, as the land tax proper was, but it was assessed independently of the latter. The amount for each province was now declared immutable and it was a natural step for the government to amalgamate it with the land tax proper and save the cost of collection. In the third place, this law, by declaring that land was a fixture and that although the number of people may increase, the number of taxable heads who derived their income from the land shall not be increased, also made the land tax immutable. "This permanent settlement, in theory, endures to this day, (the last day of the Manchu dynasty)" as Morse points out; "the tax bill for each lot of land to-day gives the rate of assessment of 1713, and the returns of the total collection are based upon the permanent settlement, subject to authorized reductions for the effects of the rebellion, drought and flood, and to the reaugmentation on discovery when reported by the provincial authorities." [1]

Shortly after the passage of the permanent settlement the old practice of taking the census of people liable to the poll tax was discontinued, for "what is the use," says the Emperor, "of our counting the taxable heads when they never increase, and untaxable heads when they pay no poll tax or land tax? I want to know how many human souls we possess." [2] Accordingly, in 1746, or the eleventh year of the reign of Chen-Lung, a census of the entire population, including all ages and both sexes, was taken. This census gave the number of the people in the empire as 177,495,035

[1] Morse, *op. cit.*, p. 82.

[2] *Ta Tsing Tung Kao*, bk. xix, f. 9.

and the number of households as 36,261,055, or approximately 4.6 persons to a household.[1] After that a census of the entire population was taken regularly every third year, although with some interruptions, for over a century until the time of the Taiping Rebellion which threw China into a state of war for nearly two decades. According to this census the population of China increased rapidly, although the increases were interrupted by civil wars on several occasions: from 177,495,035 in 1746 to 200,473,275 in 1762; 268,238,181 in 1775; 284,033,755 in 1782; 332,000,000 in 1805; 413,457,361 in 1841, and 432,000,000 in 1851.[2]

As has been pointed out, the amalgamation of the poll tax with the land tax was a natural sequence of the immutability of the former. China was then predominantly an agricultural country and the chief form of her wealth was land. Both the land tax and the poll tax were based upon the produce of the land; and since the amount of the latter apportioned to each province was fixed for all time, it was natural that the poll tax should be amalgamated with the land tax proper. As was pointed by one of the ministers of the Emperor, "It saved the cost of collection and freed the poor from bearing the burden of the tax and the rich who possess land from vexation."[3] In a few years after the permanent settlement was enacted, one province after another amalgamated the tax with the land tax. The first province to take this step was Kwangtung, which distributed its quota of the poll tax among the payers of the land

[1] *Ta Tsing Tung Tien*, bk. ix, f. 35.

[2] *Ta Tsing Tung Kao*, bk. xix, *passim*. For later figures *cf.* Rockhill, *An Inquiry into the Population of China*, and Werner, *Descriptive Sociology of the Chinese*, and the Census of 1910 by the Chinese government.

[3] *Ta Tsing Tung Kao*, bk. xix, f. 4.

tax at the rate of Tl. 0.164 to every *tael* of the land tax.[1] Chihli amalgamated it with the land tax in 1723,[2] and by 1730 all the provinces, except Shansi, where amalgamation did not take place until 1746, distributed their respective quota of the tax on the land. The rate of apportionment, however, varied greatly from province to province. In Fukien it was from Tl. 0.0527 to 0.312 for land held under common tenure, and Tl. 0.0083 to 0.1448 for land under military tenure. In Shantung it was uniformly at Tl. 0.115 for every *tael* of the land tax proper, and in Honan it varied, according to the locality, from Tl. 0.0117 to 0.207 for every *tael* of the land tax proper.[3] These varied rates added further confusion to the rates of the land tax, which were already complicated.

The Surcharges. In the discussion of the land tax proper it was pointed out that the legal rates of that tax, either in money or in kind, for the last two hundred years of the Tsing dynasty were those determined by the law of 1713, and in the discussion of the grain-tributes it was shown how the rates in kind in the eight so-called grain-tribute provinces were increased in the course of time by additional charges under various names. The following pages will make clear how the land tax proper, which was declared immutable by the law of 1713, was increased by a similar process, and how these charges, which were at first extra-legal, came to be recognized by the government.

Among the various surcharges the earliest, and perhaps also the most important, was the "meltage charge." The origin of the meltage charge, as pointed out by the editors of that collection of documents of the Tsing dynasty which

[1] *Ibid.*, f. 3.
[2] *Ibid.*, f. 4.
[3] *Ibid.*, f. 5.

has been frequently referred to in this study, namely, the *Ta Tsing Wen Hsien Tung Kao,* is to be found in the Ming dynasty when the taxes in kind began to be commuted into payment in silver. "The silver collected from the people varied greatly in fineness, and in order to meet the degree of fineness required by the Board of Revenue at Peking the magistrates had to collect an extra rate from the people. The extra rate was called meltage charge and was similar in character to the wastage charge of the payment in grain. But in the course of time these extra rates were so increased that they became very burdensome to the people. The magistrate exacted them from the people and the provincial governors required their remittance from the magistrate as if they were part of the official income." [1]

When the Tsing dynasty came to power these extra charges were abolished and laws were passed forbidding the magistrates to collect them, under severe penalty.[2] In order to guard against the violation of the law various methods of protection against irregularities were introduced, some of which have already been alluded to.[3] The taxpayer, for instance, was required to write with "his own hand" in a book the amount of the tax that he paid. The books were distributed to the tax collectors by the provincial treasurers and were to be returned to him when completed, to be checked up with the actual returns of the districts. The magistrate was further required to publish a tax roll for every five or ten families, giving the amount of land owned by each family, its location and the amount of tax assessed on it. These rolls were to be posted in some conspicuous public place. For each district there were also distributed

[1] *Ibid.*, bk. iii, p. 12.

[2] *Ta Tsing Tung Kao*, bk. iv, f. 19.

[3] *Cf. supra*, pp. 88-89.

two copies of the "Complete Book of Revenue" which contained the amount and the rates of the tax each district in the empire had to pay. One of these two books was to be placed in the *hioh-kian* or educational institute of the district where "the people and the scholars may go and examine it." [1]

The system of protection thus introduced against corrupt practices and irregularity on the part of the tax-collector is certainly thorough and ingenious and in some respects compares favorably with modern systems of tax administration. Yet it failed to improve the situation. Why? The fundamental difficulty appears to lie in the fact that, in spite of the various means of publicity and methods of checking, the government made no adequate provisions for the maintenance of the officials, high as well as low, and for the administration of the local governing bodies. The salaries allowed to the officials of the Tsing dynasty were based substantially on those of the preceding dynasty and were very inadequate. Nor were the amounts allowed for the administrative expenses, both provincial and local, in any way commensurate with the actual outlay. Each official was practically left to devise a system of revenue for his own maintenance and for that of the administration of the government under his control. "The legal salaries and allowances are, as every one knows, ridiculously inadequate to meet the absolute requirements of the local offices, and failing to get them increased, they square the account by simply retaining in their hands sums that ought to appear as revenue, but which, in part at least, are used to meet public expenditure." [2] The amount of taxes that a district magistrate, for example, was required to remit to Peking represented only a fraction, a small fraction in some

[1] *Ta Tsing Tung Kao*, bk. i, f. 4.

[2] Jamieson, *op. cit.*, p. 10.

places, of the total that he had to collect. Besides maintaining himself and his administration he had to contribute, directly or indirectly, toward the maintenance of the prefecture and the provincial authorities and their administration. Unless adequate revenues were provided for these expenses, extra rates could not be prevented.

Therefore, in spite of all prohibitions, the surcharges under one name or another continued to be levied until toward the latter part of the reign of Kang-Hsi (1662-1722), when the situation had become so serious that the emperor was obliged to interfere. Laws were passed requiring the district magistrates to turn over the surcharges that they collected to the provincial authorities, who were given power to appropriate them for the expenditure of the provincial and the local bodies. Definite rates of such charges allowed were also prescribed for the provinces. For Chihli the rate was fixed at from Tl. 0.05 to 0.15 per *tael* of the tax collected. For Shantung a uniform rate of 14 per cent of the tax paid in money and 10 per cent of the tax paid in kind was prescribed. For Shansi the rates allowed varied from 1½ to 13 per cent of the tax paid in money and 20 to 40 per cent of the tax paid in kind. For the other provinces similar complicated rates were fixed.[1]

These rates were little more than nominal rates representing a fraction, and perhaps a very small fraction, of the surcharges that had hitherto been collected by the magistrates and their subordinates. The effect of the fixing of the rates was to increase the amount of surcharges, for, in order to cover the amount now required to be remitted to the provincial authorities, the district magistrates had to increase the amounts of their collections. Practically it was

[1] For a full account of the rates in the provinces and the districts *cf. Shih Li*, bk. clxx, *passim*.

equivalent to an increase of the tax rates by the government.

The amount of the surcharges remitted to the provincial authorities was at first set aside as an independent item to be used by the provincial authorities for the increase of the official allowances and to meet certain minor and specific items of expenditure.[1] But the number of the latter assigned to this fund had so increased that by the twenty-fifth year of the reign of Chia-Ching (1796-1820) the Board reported that in the eighteen provinces the number of items of expenditure of definite amount assigned to be paid out of the "surcharges" was 538 and that of indefinite amount was 129.[2] In order to meet these charges, the amount of "surcharges" required of the district magistrates had, of course, to be increased, and in some provinces funds from other sources were regularly appropriated to the "surcharges" to cover the deficiencies.[3] It was not until the middle of the nineteenth century that the returns of these surcharges were amalgamated with the regular receipts of the land tax.

The surcharges which had thus been recognized by law represented, however, only a small fraction of the amount actually collected from the people. Under the cover of "collectors' fees, meltage charge, wastage charge" and other ingenious names, the rates collected from the taxpayers amounted in many cases to several times the original rate assessed in 1713. The exact amount of these surcharges, legal as well as extra-legal, could not be ascertained. It is certain, however, as will be made clear in the chapter on the reform of the tax,[1] that the receipts of the land tax turned into the treasury during the latter part of the Tsing

[1] *Shih Li*, bk. clxx, f. 4.

[2] *Ibid.*, f. 5. The provinces in which such appropriation from other sources of revenue took place were Shensi, Kansu, Yunan and Szechwan. See *Tung Kao*, bk. iii, ff. 2-3 and *Tung Tien*, bk. vii, f. 26.

[3] *Ibid.*, f. 2.

dynasty was of ridiculously small amount when compared with what it should, and probably did, yield.

In this somewhat detailed and laborious discussion, it has been shown that the so-called land tax in China is a complex historical product. It consists of the original land rate which was declared immutable by the permanent settlement of 1713, the poll tax which was amalgamated with the land tax since the beginning of the eighteenth century, the grain tribute which was paid originally as part of the tax but afterwards became a distinct charge on land, and the so-called surcharges, legal as well as extra-legal, which were added one after the other during the course of the two hundred years after the immutability of the land tax was declared. The extreme complexity of the rates has given rise to all sorts of practices of irregularity and corruption in collection. Any reform of the tax, therefore, must begin with a simplification and unification of the rates and a reorganization of the system of collection.

[1] *Cf. infra*, pp. 156-157.

CHAPTER VIII

Collection and Administration of the Land Tax under the Tsing Dynasty

In order to understand fully the nature of the tax under the Tsing dynasty, an account of the machinery by which it was collected and administered will be necessary. In China, as in almost all countries, the administration of public affairs is entrusted to three classes of governing bodies, namely, the central, the provincial and the local governments. In the collection and administration of the land tax, and of all the other revenues, the same division of the responsibility was followed. At the head of the system was the Board of Revenues or *Hu Pu* (the name was changed to *Tu-Tsi Pu* in 1906), which supervised and controlled the provincial authorities. Under the provincial authorities there were local bodies. These general statements should be kept in mind in connection with the detailed discussion of the organization and characteristics of these three classes of administrative bodies. A clear account of these will help one to understand not only the particular tax with which we are concerned in this monograph, but also the general features of the revenue system of the Tsing dynasty.

At the head of the administration was the Board of Revenues, which was one of the original six boards of administration of the Tsing dynasty.[1] The board was entrusted

[1] The six Boards are the Board of Civil Office (*Li Pu*), the Board of Ceremonies (*Lei Pu*), the Board of War (*Ping Pu*), the Board of Public Works (*Kung Pu*) and the Board of Revenues (*Hu Pu*).

with a multiplicity of duties, some of which were financial in character and others not. The important duties of the board, however, were the supervision and control of the revenues, and of the expenditures of the empire. More specifically, the board had charge of the apportionment of the levies among the provinces and the districts within the province, the levying and regulation of the taxes and duties, the measurement of the lands of the empire and control of the receipts and disbursements of the granaries and treasuries.

The board was placed under the joint control of two presidents or *shang-shu*, one Chinese and one Manchu. Under the presidents there were four vice-presidents, *shih-lang*, two of whom must be Manchus.[1] This principle of placing Manchus and Chinese in joint control is a very characteristic and important feature of the Manchu government. It was a point of strength as well as a point of weakness. It resulted from the realization on the part of the founders of the dynasty that their people were ignorant of the conditions of China, and therefore could not handle efficiently the administration of this vast Empire. Instead of placing their own people in all the important positions of the government the Manchus utilized the experience and superior administrative ability of the Chinese. The system of joint control, however, had obvious defects. Giving two men equal authority resulted naturally in friction and conflict of views between the two heads. Efficiency of administration was reduced greatly by this check-and-balance system. This feature of the Manchu government had much to do with the confusion of its administration.

Below the presidents there were fourteen departments, each of which bore the name of the province over which its jurisdiction lay. Some of the less important provinces were placed under the control of the department of one

[1] This restriction was removed in 1906.

of the neighboring provinces. Of the fourteen departments five had charge of two provinces. The division[1] was territorial, another characteristic feature of the organization and administration of the Manchu government. In each of the departments there were from two to three directors, *lung-chung*. When there were two directors, one of them was a Manchu; and when there were three, two of them were Manchus. Under the directors there were usually from three to six subdirectors, *yan-wai-lang*, and two or three assistants, *jo-zse*. The same principle of joint control was applied here as in the case of the higher officials. Each of these departments supervised and controlled the finances of the province whose name it bore. In addition to its duty of supervision and control of the provincial finances each department usually had charge of some work which lay entirely outside of its main function. For instance, to the department of Kwangtung was assigned the work of registration and succession of the Bannermen; the department of Kweichow had charge of the collection of the native customs, and the department of Shensi was responsible for the distribution of salaries and allowances of the Chinese officials in Peking (in distinction from the Manchu or Mongolian officials) and the expenses of the various *yamen* in the Capital.[2]

Besides the departments there were a number of bureaus under the board. Chief among them were the Bureau of Currency, which had charge of the coinage of the country, and the Bureau of Grain Tribute, which was placed under the control of two of the vice-presidents of the board. In this bureau there were also two examiners of grains whose

[1] For the organization of the Board of Revenues see *Ta Tsing Hwei Tien*, bk. viii, *passim*.

[2] See *Hwei Tien*, vol. viii, p. 24.

duty was to examine the grains as they came into the granaries in Peking and Tungchow. In each of the fifteen granaries in these two cities there was also a superintendent under the control of the Bureau of Grain Tribute.

Such, then, was the organization of the Board of Revenue. In practice it proved itself far from efficient. The structure was built on the theory of check-and-balance between the Manchus and the Chinese. Each of the departments was practically a unit in itself. There was hardly any coördination and unity among them. This independence of the departments accounted, to a large extent, for the great diversity and confusion of the taxes in the different provinces, and for the indifference of one province toward another.

The supervision and control by the central government over provincial finances was in no sense thorough and efficient. On the contrary, it was merely nominal and superficial. As long as the provincial authorities remitted regularly the quota of revenue to the central government there was no interference. It has been said that in practice the provinces of China occupied an almost autonomous position.[1] Indeed, a large degree of provincial independence was, however, a natural consequence of the physical conditions of the country. The vast extent of the territory and the lack of adequate means of communication made it almost impossible to exercise any effective supervision and control.

The administrative organization of the provinces was uniform throughout the empire. At the head of one or more provinces was the governor-general (tsung-tu), appointed, as were all other officers of the country, by the central government. He has been called by the Europeans the viceroy. That term, however, is misleading, inasmuch

[1] Morse, H. B., *op. cit.*, pp. 45-46.

as he ruled not over a kingdom or a country but over a territorial division of a state. He had control of all affairs, civil as well as military. "In some cases he is the actual governor, though with the power and rank of governor-general, of one province only; in others he has jurisdiction over two or three provinces, each of which has its own governor; and still other provinces, each with its governor, are subordinated to no governor-general." [1] For the eighteen provinces there were eight governor-generals.

Next to the governor-general in rank was the governor (*sun-fu*). His authority and power varied. If there was no governor-general in his province, he was practically the supreme head of the province. In case there was a governor-general residing in the same provincial capital, his power was naturally overshadowed by that of the governor-general and was in that case often limited to the more special supervision of the civil government, as distinguished from the revenue, or other branches of administration.

The administration of the provincial government was divided into six departments, *viz.*, Civil, Judicial, Educational, the Gabelle, the Commissariat and the Excise. Of the six departments, we are here interested mainly in the civil and the commissariat. The civil department was under the control of the civil commissioner (*pu-ching-sze*) who had charge of the civil service as well as the financial administration of the province, and on account of the predominance of the latter duties he has been called the provincial treasurer. He had charge of the collection and disbursement of the provincial revenues. But his most important duties are the supervision of the collection of the land tax, for the collection of the other important revenues were placed under separate officers. The collec-

[1] Morse, *op. cit.*, p. 49, *cf.* also *Hwei Tien*, vol. viii, p. 25.

tion of the gabelle was under the control of the salt commissioner (*yen-yun sze* or *yen-yun-tao*) and the collection of the native customs under customs commissioner (*kwan-tao*). The grain tribute, which, as has already been pointed out, is part of the land tax, was also placed under the charge of a separate official called the grain commissioner (*liang-tao*). But in spite of these limitations the provincial treasurer occupied an important position in the financial system of the country. He was responsible, in the first place, to the department of the Board of Revenue, which department bore the name of his province, for the collection and remittance of the quota of revenue assigned to his province. In the second place, he was held liable by the governor for the expenditure of the provincial government. In the third place, he regulated and supervised the actual collection of the tax by the district magistrates, of whom more will be said presently.

The grain commissioner or commissariat (*lian-chu tao*) was usually equal in rank to the provincial treasurer. Of the eighteen provinces there were twelve grain commissioners,[1] the provincial treasurers attending to this duty in the other six. These commissioners had charge of the collection of the grain tribute collected whether in kind or commuted. For the eight provinces which paid the tribute in kind before the Taiping Rebellion there was also a grain governor who was equal in rank to the governor-general. He supervised the transportation and disposal of the grains collected in the eight provinces which are all adjacent to the Yangtze River. The actual collection of grain from the farmers was in the hands of the prefects and district magistrates.

There were sixteen granaries, fourteen of which were in Peking where the grains for the three regiments of the

[1] *Hwei Tien*, vol. v, p. 11.

Banner garrisons were stored, and a special one where the grain for the consumption of the imperial household was kept, two in the city of Tangchow where the grains for the Manchu princes, the officials and the other Bannermen were stored.

For administrative purposes the provinces were divided into *fu*, which are commonly called by the Westerners prefects, and *hsien*, districts.[1] There were two other divisions, known as *ting* and *chow*, which may, however, be considered special kinds of *fu* and possessed no special significance from an administrative point of view. A *fu* was a large division of a province placed under the control of a civil officer called *chih-fu* or prefect immediately subordinate to the head of the provincial government. The Chinese prefect must not be confused with the French *departement*, which is an important administrative unit of the French government. The *fu* was more like the *arrondissement* than the *departement*, in that the *fu*, as the *arrondissement* had no important administrative duties. As an administrative unit the Chinese *fu* was much inferior in importance to the district or *hsien*. There were from seven [2] to fourteen [3] *fu* in one province and a total of 183 *fu* in the eighteen provinces.

Similar to *fu* were the *ting* and the *chow*. A *ting* was usually smaller than a *fu* and it was either governed like the *fu* by an officer immediately under the heads of the provincial government or formed part of a *fu*. In the former case it was called a *chihli ting* or independent *ting*, and in the latter case it was simply called a *ting*. A *chow* was a division very similar to a *ting* either independent of the *fu*

[1] For official definitions and classifications of the various political units *cf. Hwei Tien*, vol. viii, pp. 23-31.

[2] In Shensi.

[3] In Yunnan.

or forming part of it. The difference between the two lay in the fact that the government of the *ting* resembled the *fu* more than that of a *chow*.[1]

In function the *fu* was similar to the French *arrondissement* rather than the *departement*. The *arrondissement* has the function of allotting among the *communes* their quota of the taxes assigned to the *arrondissement* by the council of the department. The *fu* had not even that duty. The prefect dealt more with the external relations of his *fu* than internal administration and was more a channel of communication than an executive officer. Similar to the *fu*, the *ting* or the *chow* was under the control of a separate officer, who was either under the direction of the *fu*, in case of the ordinary *ting*, or reported directly to the heads of the provincial authority.

The most important unit of local government in China was the *hsien*, commonly known as the district. A *hsien* might be a division of a *fu*, a *chow* or a *ting*. The number of *hsien* varied from province to province, there being as few as 34 in Kweichow and as many as 124 in Chihli. There were 1,443 *hsiens* in the eighteen provinces and 27 in Manchuria, making a total of 1,470. In size the *hsien* was like the French department or the English administrative counties, although the variation of the *hsien* was not as great as in the case of these units. In function the *hsien* bore more resemblances to the French *commune* or the English borough than to the department or the county.

It is a familiar fact in the history of political institutions that government systems are, as a rule, more stable at the bottom than at the top. The arrangements of the provinces and prefectures in China have undergone many changes under the different dynasties. But the *hsien* has remained

[1] For a clear differentiation of the various units of government in China see *Chinese Repository*, vol. iv, pp. 54-56.

practically unaltered in the long history of the country. As the *commune* is to-day the oldest unit of local government in France, so is the *hsien* in China. The *hsien* has a very ancient origin. Some writers believe it to be at least 2000 years old.[1]

The *hsien* was, and still is, the political, judicial, as well as the fiscal, unit of the government. The *chih-hsien*, or the district magistrate, as he was usually called, had a multiplicity of duties. He was the local representative of the provincial as well as of the imperial government, and in that capacity he was responsible for the maintenance of peace and order and the administration of justice of the territory within his jurisdiction. He was the head of the civil administration of his district and sat as judge of the district court. He had charge of the collection of the land tax as well as the grain tribute. For the former he was responsible to the provincial treasurer and for the latter to the grain commissioner. In financial matters he may be compared to the *Tresoriers-payers-generaux* of the French department. He kept a complete record of lands within his jurisdiction and was the custodian of the taxes, and he was responsible to the provincial treasurer for the collection of the amount of taxes assigned to his district and might be cashiered for failure to collect the required amount. He was also the register of the deeds of his district.

The *hsien* was usually subdivided into wards, each of which was placed under the control of an officer called the *siun-kien*, who formed the last in the hierarchy of officials in China. He assisted the district magistrate in the discharge of his duties. Besides the regular force of subordinates attached to the district magistrate there was a semi-

[1] Parker, E. H., *China, her Diplomacy, History and Commerce* (2d. ed. 1917), p. 184.

official person who was connected with the collection of the land tax in many ways. He was known as *ti-pao,* or elder. The method of appointment of this officer varied from place to place. In some localities he was elected by an assembly, closely resembling a "town meeting," and in others he was appointed by the district magistrate, subject to the approval of the community.[1] A large village or a town might have a number of *ti-pao*, while two or three small villages might have only one. Besides other duties he was "the official land surveyor of his village," and had the "duty of verifying title and boundaries on every transfer of land." He was also "responsible for the prompt payment of the land tax and the grain tribute."[2]

This, then, in brief is the hierarchy of officers by which the land tax and the grain tributes were collected under the Tsing dynasty.[3] In theory the system as a whole is democratic. There were no *ziminders* or hereditary tax-tax-collectors in China as in India. Nor had the pernicious system of assigning revenues from cities or provinces to the members of the royal family or favorites, as in Persia or Syria, ever been practiced in China. But the system was far from being efficient. Some of the more important defects of the system have already been pointed out in the analysis of the system. There are, however, several other points that should be noted.

In the first place, it should be observed that all the offi-

[1] Smith, *Village Life in China*, pp. 227-9.

[2] Williams, *The Middle Kingdom*, vol. i, pp. 500-551.

[3] The short account here given of the organization of the government is true, of course, only before 1900. Since then there have been many changes and "reforms", but the essential feature and the framework of the government with the exception of the organization of the Board of Revenue which has recently been thoroughly reorganized remain the same. Social and political institutions change very slowly.

cials from the presidents of the board of revenues at the top to the district magistrate at the bottom were appointed by the emperor.[1] It is true that for the appointment of the lower officers the provincial governor might and did recommend candidates, but the final authority rested with the emperor. This attempt on the part of the central government to place the vast machinery under its control resulted in a loss of efficiency and effectiveness of administration.

Secondly, it should be noted that all the appointments were made for a term of three years. Although this restriction was not closely adhered to in the appointment of the high provincial officials, it was observed faithfully in the appointment of the lower officials. An official might be reappointed for a second term, but that was not often done. Almost invariably an official lower in rank after serving three years in one post was transferred to another post, often in another province where the conditions were usually quite different from the province where he last served. This constant shifting of an official from one place to another and the uncertainty of tenure of the office were responsible to a large degree for the inefficiency and corruption of the administration.

A third difficulty of the system of administration lay in the rule that no civil officer was ever appointed to the province of his birth. The underlying purpose in requiring that no civil officer should serve in his native province was to prevent any undue corruption and exactions from the people, the theory being that a stranger was less likely to commit these practices than one who was familiar with the local condition. This rule was followed universally: there was no exception. When one remembers the diversity of

[1] The *ti-pao* is not recognized as an official of the Imperial government.

local conditions and the variety of dialects in some parts of the country he can readily see the difficulties that an official would have to encounter in his work. This fact, coupled with the three-year rule, was responsible for a considerable share of the inefficiency and chaos of the administrative system of the Tsing dynasty.

The fourth and perhaps the most serious difficulty of the system of administration in the Tsing dynasty is to be found in the scanty provision made for maintenance of the officials. The inadequacy of the salaries and allowances of the officials, coupled with the lack of control and supervision, goes a long way in accounting for the irregularities in the collection of the taxes.[1]

[1] *Cf. supra*, p. 104.

CHAPTER IX

Analysis of the Defects of the System

Having analyzed the nature of the land tax, the next step is to discuss some of the difficulties of the system, several of which have already been alluded to.[1] In this chapter a more systematic and detailed analysis of the situation will be presented in the hope that it may make some contribution toward solving this pressing problem now before the Chinese government.

In the first place the system of rates is faulty. In the discussion of the nature of the tax it was seen that the rate of the tax was, in theory, based on the "fertility" of the soil.[2] Land was divided into three classes, each of which was subdivided into three grades according to fertility. According to modern theories such a basis of taxation is of course not the most equitable one. However, in view of the fairly uniform economic conditions of the country, with its system of small holdings and intensive cultivation, the basis of the tax would have been tolerably satisfactory, had it been carried out properly But in practice instead of having nine rates of tax, in accordance with the nominal plan, there is a multiplicity of rates. For each province, as has been shown, the central government set only a maximum and a minimum rate, leaving the determination of the actual rates to be applied to the different kinds of land in the province in the hands of the provincial authorities. But the provincial

[1] *Cf. supra*, pp. 117-119.

[2] *Cf. supra*, p. 90.

authorities never adopt any system of rates to be followed by the district magistrates, who are the responsible tax collectors. Nor has the district any definite system of rates. The magistrate merely collects the taxes that have been long established by his predecessors. Consequently there are tens and sometimes hundreds of rates in one district.[1]

This situation is further complicated by the fact that in the great majority of cases the tax assessed on each piece of land consists of two parts, one payable in money and the other in produce. The produce may consist in turn of one, two or three kinds. There is no definite proportion between the two payments. One piece of land may be assessed at a high rate in money and a low rate in produce and another *vice versa*.

With the multiplicity of rates there naturally arises inequality. The rate of the tax is in general heavy in the southern and eastern provinces and light in the northern and western provinces. Inequality exists, however, not only among provinces but also among the districts in the same province. The tax was apportioned, as has been pointed out, among the provinces which in turn apportioned it among their districts. The apportionment is based, however, on the antiquated returns of the eighteenth century. Certain districts in Chekiang and Kiangsu, for example, have been taxed at rates probably several times heavier than the rest of the country.[2]

The second difficulty in the tax situation is the great variety of units of measurement. It is commonly supposed that China has never adopted any uniform system of

[1] *Finances of the Republic*, vol. i, p. 91.

[2] Hsu Ung-Yuen, "The Reform of the Land Tax in China." *The Chinese Social and Political Science Review*, April, 1916, p. 109.

measurement. This, however, is not true. From the time of the Chow dynasty China has had official standards. In the discussion of the tax under the Tsing dynasty we have mentioned that among other reforms introduced by the founders of the dynasty efforts were made to enforce a uniform system of measurement.[1] But owing to the extensiveness of the country, the diversity of local conditions and, above all, the policy of *laissez faire* of the central government these units of measurement have never been strictly enforced. The trader as well as the tax-collector sees in the diversity of units of measurement an opening for extra profit and illegal charge. Occasionally the government tries to interfere with the practices of irregularity and enforce

[1] There are three fundamental units, namely, the unit of length, the unit of weight and the unit of capacity. Of the three units, the unit of length is the basic one, from which the other two are derived. The unit of length from the time of Huang-Ti has been based on the length of the small glutinous millet. The length of ten average grains of the small glutinous millet placed side by side was adopted as the length of one foot. The foot adopted by the Tsing dynasty is, however, a little longer than the ancient foot. The ancient foot was based on the length of these grains laid cross-wise, or by their narrower diameter, while the modern foot is based on the length of the grains placed length-wise or by their longer diameter. (*Hwei Tien*, bk. xi, ff. 36-37. For an account in English *cf.* Ross, *op. cit.*, pp. 668-671). Hence one ancient foot is equivalent to only .81 of the modern foot. (*Cf. ibid.*) The foot is divided into ten inches and other decimal subdivisions. The unit of weight is the *kin*, commonly known as the *catty* (derived from the Malayan word *katti* meaning pound), and is divided into sixteen *liang* or *taels*. One cubic inch of gold, according to the law, weighs 16.8 *liang*; of silver 9 *liang*; of red copper 7.5 *liang*. The unit of capacity is the *sheng*, which is equal, according to law, to 31.6 cubic inches. Ten sheng equal one *tao*, which is therefore equivalent to 316 cubic inches. (For the various units of measurements and their equivalent in English units *cf.* Appendix I, *infra*, p. 176.) The *mow* used during the three dynasties is equal to 100 square *pu*, one *pu* being equal to five feet. The modern *mow* which has come from Han dynasty is equal to 240 square *pu* or 2.4 larger than the ancient *mow*.

the standard units, but owing to the reasons indicated above, such interference has never gone beyond the issuance of an imperial decree or proclamation which was promptly disregarded.

The differences in the measures actually used are often material. For example "in the trade area of Shanghai there is a standard for the use of the Chinese in their foreign dealings by which the *catty* is 20.4 ounces, while the regular gold *catty* is 18.6 ounces; the Soochow gold *catty* is 19.7 ounces, that for rice paid as imperial tribute 20.6 ounces; while that for the sale of oil is 23.2 ounces and for sugar is 27.25 ounces. At Hangchow there are seven different standards, ranging from 16 to 24 ounces, all equally recognized in their respective trades; and throughout the Empire the *catties* are known to range from 12 to 42.5 ounces."[1] Theoretically one hundred *catties* are equal to one *picul*, in practice the *picul* varies all way from 100 to 180 *catties*. "Of rice the *picul* at Shanghai is 100 *catties*, at Amoy 140 *catties*, and at Soochow 180 *catties*; for tribute rice the stipulated *picul* is 120 *catties*, but at Nanking it is 140 *catties*."[2]

In the discussion of the rates of the tax it was mentioned that the grain-tribute was assessed by measures of capacity. But in practice it is "generally collected by weight at a rate of conversion fixed by the collectors. In the standard *tao* (which we may call peck) for tribute the *tao* contains 629 cubic inches (Chinese) but in different parts of the Empire there is a variation in the contents of this measure ranging from 176 to 1800 cubic inches."

The legal unit for measuring land is the *mow* which is equal to 240 square *pu* or 6000 square feet (Chinese). But the foot varies in different parts of the country. In Canton,

[1] Morse, *op. cit.*, p. 173.

[2] *Ibid.*

for example, the city is divided into two sections by a line running through the middle of the city. On the east of the line land is measured by a foot of 14.8 inches, while on west of the line by foot of 14.7 inches. In Shanghai there are at least four different measures of the foot in use. The official land foot is 12.6 inches, the foot used for transfer of land is 13.2 inches, while the tailor's foot is 13.85 inches and the carpenter's foot 11.1 inches.[1] With the diversity in the length of the foot the *mow* varies. The standard *mow* is equal to 6000 square feet (which is equivalent to 7260 square feet, English). But in practice it varies all the way from 3840 to 9964 square feet.[2] Besides the *mow,* there are other units of measurement used in different parts of the country. In Manchuria, for example, the unit most commonly used is the *tien* which is also of variable extent. In some places it is six *mow,* while in others ten.[3] These instances are sufficient to indicate the chaotic complexity of the situation.

Besides the multiplicity of rates and diversity of units of measurement, the tax system is further complicated by the chaotic condition of the currency in which the tax is collected. The tax, as has already seen, was assessed partly in money and partly in produce. The money part was given in terms of silver. But with one slight exception silver was not coined in China until late in the nineteenth century.[4] Whenever it was used as a medium of exchange

[1] Morse, *op. cit.*, p. 174.

[2] Williams, E. T., "Taxation of China," *Quarterly Journal of Economics*, May, 1912.

[3] "Conditions of the Rural Population in China," *Jl. Asiatic Assn.*, vol. xxiii, p. 79.

[4] The only time, until 1889, that China ever minted silver coins was in the reign of Hioa-tsung, second emperor of the Southern Sung dynasty (about A. D. 1183). In this coinage the ratio between one *tael* of silver and copper *cash* was fixed at 1 to 2000.

it was used by weight, the common unit being the *liang,* or *tael,* as it is called by foreigners. A *tael* is nothing but a *tael* weight of silver of certain fineness. The currency coined by the government and used by the people in their transactions was the copper *cash,* which has been in use for twenty-five centuries. The ratio between the silver and the copper was originally fixed at 1 to 1000. The copper coin was made to weigh one-tenth of a *tael,* making it in value one-thousandth of a *tael* of silver.

As copper was the principal currency of the people the tax was usually collected in copper cash at a rate of conversion which was almost invariably higher than the market rate. After the reign of Yung-chen (1723-1736), when the *cash* began to degenerate both in size and weight, the rate of conversion was also increased until toward the middle of the last century, when the copper *cash* had so depreciated in terms of silver that the collectors again demanded payment in silver. But the tax was not collected in the original silver rate given in the tax bill. That would make impossible the increases, either legal or illegal, that had taken place under cover of rate of conversion. Therefore the rate was converted back from *cash* into silver at the prevailing market rate plus, of course, another surplus to cover the expenses of collection and other charges. Thus, at the end of the Tsing dynasty in the tax bill one finds the rate given in silver and converted into *cash* at from 2000 to 3000 *cash* to the *tael* and then converted back into silver at the prevailing market rate of from 800 to 1000 *cash* to the *tael.* The effect is that the tax was increased sometimes to several times the original statutory amount.

The situation was further aggravated by the lack of a uniform unit of currency. The official unit at which all taxes were payable was the Kuping *tael,* which is 575.8 grains of silver 100 per cent fine. But each province, indeed

each commercial center, has its own standards of the *tael* weight and of fineness. In the city of Peking for example, there are besides the Kuping *tael,* three other standards of *tael* weight each of which has two standards of silver, with the result that there are at Peking seven *taels* all current.

The *tael* itself, moreover, is only an imaginary medium of exchange. It was never coined. The ordinary daily transactions of the people are carried on in the dollar and subsidary coins. Of the dollar there are many varieties, both foreign and Chinese. Besides the dollar there are other subsidiary silver coins and copper cents. But owing to the large and unregulated issue of these coins they have not been able to maintain their parity with the dollar. The rates of exchange between these subsidiary coins and the dollar vary from place to place and from day to day. In most cases the tax is collected in these coins, which necessitates a third process of conversion from the *tael* to the coin in which the tax-payer wishes to pay his tax. It is not our purpose here to enter into any detailed discussion of the currency problem in China.[1] But this is sufficient to show the complexity and confusion of the situation, and the vexatiousness of the system.

A fourth and obvious defect of the system is the lack of a proper tax-roll. One of the most fundamental requirements in an efficient system of land tax is the existence of a tax-roll which is based upon an accurate and complete cadastral survey of the country and contains all the necessary information in regard to the assessment of land. The necessity of having such a record was realized by the governments of the various dynasties as well as by the Manchu government. We have seen that at the beginning of the

[1] For a recent study on the currency problem in China, *cf.* W. P. Wei, *Currency Problems in China.*

Tsing dynasty provisions were made for a periodical survey and revision of the tax-roll. But the provisions were not carried out faithfully and whatever records existed before the Taiping Rebellion were largely destroyed by that prolonged war.

The collection of the tax during the Tsing dynasty and, for that matter today, was based on a very inaccurate and incomplete record. For the last hundred years the amount of land reported as taxable is about 9,000,000 *mow* which is a ridiculously small figure for a large and populous country like China.[1] This is to be explained by at least two reasons. In the first place there is a large amount of corruption on the part of the tax collectors and other authorities through whose hands the returns of the tax flow. A considerable amount of the receipts of the tax is retained by them and the irregularity is covered by under-reporting the amount of taxable land within their jurisdictions. In the second place there is a large amount of evasion. Large tracts of land escape taxation on account of the inaccuracy and incompleteness of the records. One of the most common forms of evasion arises from the fact that in selling land the owners often agree to continue to pay the taxes in return for a larger price than would otherwise be paid. What was originally a land tax is thus converted into a personal obligation. In the course of time these persons or their descendants die or remove from the district and the government is no longer able to enforce the collection of the tax.[2]

Any reform of the land tax system in Chinia must therefore begin with a survey of the land and a completion of an accurate tax roll. It was to carry out this work that the

[1] *Cf. infra*, p. 154.

[2] *Cf.* Ung-Yuen Hsu, *op. cit.*, pp. 103-104.

Bureau of Land Measurement was established by the government in 1914, but unfortunately, owing to financial and other difficulties, the work of the Bureau was discontinued shortly after its establishment.[1]

A fifth defect, or rather group of defects, lies in the system of administration, some of which have already been mentioned in the discussion of the nature of the tax and system of collection.[2] It remains to point out here that the chief difficulties in the system are the inadequacy of the financial support given to the officials entrusted with the administration and the collection of the tax, and the lack of supervision and control by the central government. The tax, as has been stated, was apportioned among the provinces, and provincial authorities then re-apportioned it among the districts. Each district was required to remit to the provincial authorities a certain amount which was, in theory, the minimum but in practice the maximum remitted. The relation between the provincial authorities and the central government was similar to that between the former and the district authorities. The amount that was required of the province by the central government was also in theory the minimum but in practice the maximum remitted to Peking.

The situation is aggravated by the fact that neither the provincial nor the district governments are properly provided with funds for the carrying on of the work entrusted to them. The result is that the district magistrate tries to collect from the people as much as he can, and remit to the provincial authorities as little as possible; the provincial authorities, similarly, try to obtain from the magistrates as much and remit to Peking as little as possible. It is true that each of the parties is bound by traditions and customs which

[1] *Cf. infra*, p. 164.

[2] *Cf. supra.*

have created in the course of time a status of equilibrium among them. But the practice is vicious and degrading.

One of the fundamental problems which must be solved in China in reforming the land-tax system is therefore the reorganization of the machinery of collection. The question here is whether the old system of collecting the tax by the district authorities should be retained and improved or a new and separate machinery be created. The creation of a new machinery will, of course, entail great expenditure. But on the other hand, whether the existing system of entrusting the collection of the tax to the administrative officers could be made to work with reasonable efficiency is a serious question.

These, then, are some of the fundamental defects of the system as it existed under Tsing dynasty and as it still exists today to a large extent at least. There are of course many other difficulties that might be mentioned. But the most important difficulties will be found in one of the five groups of defects presented.

CHAPTER X

The Land Tax and the Problem of Separation of National, Provincial and Local Revenues

One of the most important questions that has risen in connection with the movement of the land-tax reform in China is the question of the separation of national, provincial and local revenues. For many hundreds, if not thousands, of years China has been a highly centralized government. In the Manchu dynasty all officials, from the prime minister down to the lowest local official of the district, were appointed by the central government and maintained, at least theoretically, by the imperial exchequer. The other expenses of administration of the provincial as well as the local governments were also paid out of the Peking treasury, to which all the revenues of the empire were returnable. It is true, as Morse points out, that part of these revenues were never remitted to Peking but were paid out directly from the sources of collection to certain defined heads of the imperial expenditure;[1] but in theory all revenues were returnable to the imperial exchequer. There is no distinction between national, provincial and local revenues.

In the early years of the Manchu dynasty the provincial authorities were required to submit annually a book of estimates showing the estimated revenues for the coming year. These provincial estimates were then entered by the

[1] Morse, *op. cit.*, pp. 78-79.

board of finance in the "Red Book," which may be called the budget of the Empire. This procedure was, however, modified after the middle of the last century when, as a result of contact with western countries, the expenditures of the government were greatly increased. In order to meet these new and increasing expenditures additional revenues had to be raised. They were apportioned in the main among the provinces, whose authorities were given large freedom in selecting the ways and means of raising them. This practice was justifiable, for many of the reforms introduced, such as the improvement of the army, the introduction of the modern educational system, and the adoption of the police system, were effected in the provinces. As the economic conditions of the different provinces were very dissimilar, it was proper for the central government to leave the provincial, and in some cases the local authorities to their own resources to meet these new expenditures.[1]

As a result of this practice there arose in provincial finances a division of revenues into the Revenue for External Expenditure, including all the revenues hitherto reported to the central government in the annual book of estimate, and the revenue for internal expenditure, embracing all the imposts newly devised to meet the new expenditures of the administration. This distinction between the old and the new revenues in the provinces was retained until the latter part of the reign of Kwang-Hsu (1877-1909) when a reorganization of the financial system was effected by the Board of Finance. All the new revenues introduced during the last decade and not embodied in the annual report of previous years were at that time amalgamated with the so-called old revenues and reported to the central government.

[1] *Finances of the Republic*, vol. i, pp. 128-129.

This complete amalgamation, however, is true only in theory. It is a well-known fact that under the Manchu régime almost all officials and administrators of the government were underpaid. A large part of the taxes collected was therefore retained by the official class to defray expenses of the administration and the cost of their own maintenance.[1] The taxes returned to the imperial exchequer represented only a fraction of the actual revenues collected from the taxpayers, a situation that was especially true of the land tax. In one of the previous chapters we have shown that the tax reported to the government represented only a very small part of the amount actually paid by the people.[2] This unreturned part of the tax went to meet the expenses of the provincial and local administrations. They might, therefore, be called the provincial and local revenues. It has been estimated by Morse that, taking the amount collected under "accretion"[3] as representing the general expenses of the provincial administration, and the amount collected under "collector's charges" as representing the expenditure of the local and municipal administrations, the annual provincial revenues would amount to more than one and one-half as much as the imperial or national revenue and those of the localities would amount to about half of the imperial revenues.[4] Whether these estimates are approximately correct or not we, of course, do not know, but it is probable that the unreported amount of taxes collected from the people amounted to several times the amount reported.

[1] *Cf. supra*, pp. 128-129.

[2] *Cf. supra*, ch. vii.

[3] By accretion he means the extra charges which have been attached to the legal rate of the land tax.

[4] Morse, *op. cit.*, pp. 112-113.

It was the recognition of these facts that brought abount the movement to separate the national and local revenues. It was maintained that before any reform could be effected in the fiscal system of China these unreported revenues must be accounted for, and that a clear demarcation must be drawn between national, provincial and local revenues. In drawing this demarcation it is advocated by many writers that the land tax, as the one must suitable for local purposes, should be set aside once for all for the use of the provincial and local administrations.[1]

Whether it is advisable and feasible for China to leave this tax to the provincial and local authorities is one of the most important fiscal problems that China is called upon to face. It is desirable, therefore, to consider it here in so far as it is related to the problem of the land-tax reform.

The first step toward establishing a clear demarcation between the national and provincial revenues was taken in 1909, when, in a joint memorial presented to the Emperor by the National Advisory Council and the Bureau of Constitutional Investigation it was provided that during the nine years of preparation for the adoption of the constitution the separation of national and local revenues should be effected in the third, fourth and fifth years. In accordance with this provision there was made a separation of the local expenditure from the national expenditure in the budget of the third year of Hsuan-Tung, which was the first budget of China prepared according to modern budgetary principles.

During the Revolution of 1911-1912 the Chinese fiscal system suffered a complete breakdown. As a result of the heavy military expenditure of the provinces and the disorganization of the tax-collecting machinery, the remit-

[1] *Finance of the Republic*, vol. i, p. 197.

tances from the provinces to the central government at Peking were entirely suspended during the period of disturbance and for months after the Republic was established. The first task to which the Peking government turned its attention after the Republic was established was the reorganization of the financial system of the country.

Among the problems that arose in connection with the reorganization of the financial system was that of the separation of national and local revenues. One of the most ardent advocates was Governor Cheng of Kiangsu Province, who maintained that before the financial system of the country could be put on a permanent and efficient basis the national revenue would have to be separated from the local revenue. He maintained further that the national revenue should be derived from the customs, the salt gabelle and other taxes of a national character; and that the land tax should be left entirely to the provincial and local authorities. The proposal of the Governor received wide support throughout the country. Liang Ch'i-ch'ao, probably the most eminent modern scholar of China to-day, and recently the minister of finance, was also in favor of the movement.[1]

On the surface it may seem that this tax, which has been for thousands of years one of the main sources of revenue in China, could not possibly be appropriated for local purposes. A more careful study of the problem will, however, reveal the fact that the proposal has some very strong points.

In the first place, it was maintained by the supporters of the plan that the returns from the land tax represented only a fraction of the actual amount collected from the tax-

[1] For a series of very valuable articles in favor of the appropriation of the land tax for local purposes see *The Justice*, vol. i, nos. 1-10. *The Justice* is a bimonthly edited by Liang Ch'i-ch'ao, published in Tientsin.

payers. The amount reported was at the most only a third of the total collected from the people. It was true that this amount was swallowed up by the provincial and local officials; but they were very much underpaid, and had it not been for this so-called "squeeze" they could never have maintained themselves and carried on the work entrusted to them. These collections, although unrecognized by law, were therefore just as much a part of the administrative expenditure as the other governmental disbursements.

It was also a fact that a large part of the amount officially returned to the central government was sent back to the provinces to meet provincial and local administrative expenses. No exact statement of the proportion could be made on account of lack of reliable statistical data, but it was shown that in the province of Chihli, for instance, less than half of the revenue collected there was returned to the central government in the Manchu dynasty.[1] The appropriation of the land tax by the provincial and local authorities would therefore not entail an unbearable hardship on the central government. Moreover, as a condition to the transfer, some of the other taxes, part of which had hitherto been retained by the provincial and local authorities, could be remitted to the central government in their entirety. The appropriation of the land tax to the provincial and local governments, therefore, was a proposal which meant only a readjustment of the revenues of the central and the provincial governments and does not involve any appropriation of the provincial revenues by the central government.

In the second place, it was argued by the advocates of separation that the chaotic condition of the land tax in China is due largely to the nature of the tax, which is intimately related to the local economic conditions. In the early days, when economic conditions of the country were

[1] *The Justice*, vol. i, pp. 223-224.

fairly uniform, it was feasible for the central government to collect the tax with some degree of efficiency and fairness. But the practice had outgrown itself when the territory of the country became large and economic conditions varied, and it is not now feasible for the central government to administer the tax efficiently. It is true that as a whole China is still very backward economically. But conditions within the country do vary considerably. The provinces near the coast are transforming themselves from an agricultural to an industrial economy, while those in the interior are still primitive in their economic development. It was therefore natural that the tax should outgrow the restrictions of the law and adapt itself to the varied local conditions. The administration of a tax covering such an extensive territory had become unwieldly, and it was maintained that many of the difficulties would be remedied by localizing the tax.

In the third place, it was argued that, owing to the existence of different units of measurement and different rates of taxation in various places it would be impossible for the central government to establish any unified system of collection. In the southern and central parts of the country the usual unit of measurement is the *mow*, varying considerably from place to place, while in certain parts of the north, as the province of Chie-ling, the unit of land measurement is the *tien*, equivalent to about ten *mow*. These differences have an historical background. It was argued that if the tax were appropriated by the provincial authorities it could be reformed according to the existing conditions with much less disturbance to the people.

In the fourth place, it was maintained that China is mainly an agricultural country and that agricultural conditions in the different parts of the country vary greatly. Conditions in China proper are different from those of the

dependencies, and those in China Proper itself differ from province to province, and even from district to district. The land tax is a tax that touches closely the agrarian population, and it would therefore be inadvisable to establish a uniform rate for the entire country. In some of the richer and more developed provinces where the farmers have better facilities for selling their products the tax may and should be heavier than in the interior provinces where the community is poor and the means of communication primitive.[1]

Even though the lands were graded, as has been a practice in China, the rates could not be applied to the whole country without gross injustice. The lowest rate in the rich, well-developed province may be too high for even the best kind of land in the backward provinces. The difference in the purchasing power of money in the different localities must also be taken into consideration. Probably there is no other country in the world to-day where the same unit of money has such a varying purchasing power. In the backward provinces the unit of money has many times the purchasing power of same unit in provinces where modern industries and commerce have been developed, and to apply the same rate to both communities would therefore be decidedly inequitable. It was contended that if the tax were left to the localities such differences could be better adjusted.

Fifthly, it was pointed out that if the tax were appropriated by the provincial and local authorities the reform could be more rapidly and effectively made. One of the great difficulties that have retarded the reform of the tax is the hugeness of the task. For many years the attention of the government has been directed to the necessity of reforming the tax;[2] but on account of the extensive territory in-

[1] *The Justice, op. cit.*, vol. i, p. 379.

[2] *Cf. infra*, p. 146.

volved and the great variation of conditions existing therein it has not been found feasible to launch the reform. It is now claimed that if the task be undertaken by the provinces it could be more easily carried out, inasmuch as the territory to be covered would be smaller and conditions less divergent. The work could be started in the more progressive provinces where the means of communication are better developed and the people more enlightened. If success is achieved in one province, the other will follow in its footsteps and profit by its experience.

The appropriation of this tax to local purposes will also act as a strong inducement to the people, as well as to the authorities of the province, to carry out the reform. Most of the provinces in China to-day are greatly in need of funds to carry out needed reforms in the provincial and local governments, and they have no source from which to derive these funds. If they were given the land tax, it is claimed, they would be only too eager to start the reform and to increase their revenues.

The appropriation of this tax to the local authorities does not, of course, debar the central government from giving assistance to the provincial authorities in carrying on the work. The central government may exercise a considerable measure of supervision and control over the work of the provinces.

In the sixth place, it was argued that the separation of provincial from national revenues will encourage the development of the provincial and local governments. In theory the Chinese government is a highly centralized one, but in practice the central government does very little for the people. Up to only a decade ago there was no public education, no police system, no sanitary system in the country. It may almost be said that China had been a country with a minimum of government. But conditions have changed. With the progress of the country modern systems

of public education, modern police system, and public-utility services of various kinds have been introduced and must be extended as time goes on. In other words, the activities of the provincial and local governments are on the increase and demand an increasing expenditure. If the land tax be appropriated to the provinces these activities of the local and provincial governments will be greatly encouraged and increased.

It was also pointed out in this connection that although the provincial and local activities of the country as a whole have increased and are bound to increase with the progress and development of the country, they vary naturally from province to province. Some provinces have greater possibilities and are more progressive than others. Local revenues must, therefore, be adjusted to meet the local conditions, and adjustments can best be made by placing the land tax in the hands of the local authorities.

In the seventh place, it was contended that the appropriation of the land tax for local purposes conforms to the principles of taxation. Practically all authorities are agreed that the land tax is the least suitable source of revenue for the central government of a country that has passed the stage of simple agricultural economy and entered upon the era of industrial and commercial economy. On the other hand, the land tax is a very desirable source of revenue for the local governments. Bastable was quoted as saying "both abstract reasoning and experience tend to show that a large proportion of the local taxation must be obtained from this important 'object' (land). In the rural districts there is little else to be taxed, and in the case of towns the value of the land is so much increased by the action of social conditions that it forms a most suitable mark for the larger taxation that the wants of the urban societies make necessary." [1]

[1] Bastable, *Public Finance*, pp. 361-362 and also *The Justice*, vol. i, pp. 58-60.

In this connection the advocates of the localization of the land tax also pointed out that in presenting this change they were not unmindful of the fact that in several of the foreign countries, such as France, Italy and Japan, the land tax still remains in the hands of the central governments, which derive considerable amount of revenue from this source of taxation. But they argued that China is a far greater country than any of these, and that the conditions within one province probably present greater variation than those in any one of the foreign countries mentioned. The land tax is of such a nature that it could not be administered efficiently when the territory it covers is extensive and the conditions vary greatly.

In the eighth place, and lastly, it was maintained that in reforming the tax some kind of cadastre, which experience has proved to be a necessary instrument for successful administration of this tax, would have to be made. This is a task that requires extensive as well as intensive work. It took Japan nine years before that little country completed its cadastral survey, and France worked for some thirty-three years before her cadastre was finished. If the reform in China is to be undertaken by the central government, how many years will it take to complete the work? The cadastre, including valuation of the land for taxation, not only takes time and labor, but it also requires constant and careful revision and readjustment in order to be complete and to reflect accurately the changing economic conditions of the locality. In the provinces where economic evolution is going on at a rapid pace the cadastre needs frequent revision; while in the more backward provinces where the economic conditions are more stationary, the cadastre will hold good for many years. If the tax be left to local bodies these differences can be taken care of more easily.

Furthermore, it was claimed that if the cadastre is com-

piled by the provincial and local authorities who know the conditions within their respective territories it will probably be more accurate and conform more intimately with local conditions.

These, then, are the main reasons that have been advanced in favor of the separation of the national and the local revenues in general and the localization of the land tax in particular. Some of these arguments are valid, but others, although plausible, are in reality specious and economically unsound. It will not be necessary to go into a detailed discussion and criticism of these arguments here. Suffice it to point out that in view of the financial difficulties of the central government and the tendency toward concentration rather than decentralization of government in the country, it is not unlikely that the central government will give to the local authorities this important source of revenue which has almost from time immemorial been the main source of national revenue.

It may also be observed here that besides this group who advocated the appropriation of the land tax for local purposes there is another whose members maintained a narrower view of the question. They urged, not the localization of the entire revenue from the land tax, but only the appropriation of the "grain tributes" for such purposes. The revenue of the land tax consisted, as we have seen, of three groups of taxes, namely, the land-capitation tax, the grain-tributes and the rents of government land. The grain tribute was not levied, however, on the entire country. Out of the eighteen provinces, only eight had this levy[1] and six of these had already commuted the tributes into a money payment. It was in Kiangsu and Chekiang that the tributes were still levied in

[1] The eight provinces are Kiangsu, Anhui, Chekiang, Kiangsi, Hunan, Hupeh, Shantung and Honan.

kind when the Manchu government was overthrown. The rates were also heaviest in these two provinces. After the establishment of the Republic the people in the eight provinces, especially Kiangsu and Chekiang, came out very strongly in support of the position that these levies violated the principle of equality, first as between the provinces, and secondly as between the taxpayers, and that they therefore should be appropriated for local purposes. The agitation developed not only in the central but also in the provincial legislative assemblies. Many districts in Chekiang even refused to continue to pay the tax. The refusal on the part of Chekiang to pay affected immediately its neighbor Kiangsu, where disturbances also occurred when the government tried to collect the tax. For a time the agitation threatened to assume serious proportions.

The central government, however, refused to comply with the requests of the two provinces. In the first place, the government maintained that this tax did not violate the principle of equality among the provinces, for, although only Kiangsu and Chekiang and six other provinces paid the grain tributes either in money or in kind, a tax in grain had been levied on almost every other province. The difference between the so-called grain-tribute provinces and the non-grain-tribute provinces lay simply in the fact that the grain-tribute provinces had to contribute the grain as well as the expenses for transporting it to the capital. The difference was a historical one. Originally these eight provinces were made to transport the grain to Peking simply because of their geographical proximity to the capital and the better means of communication at their disposal. The eight provinces occupy the central part of the country and four of them are traversed by the Grand Canal, which was formerly the most important means of inland transportation in China. Historically considered, the grain tribute was

not, the central government maintained, an extra burden on these eight provinces.

The apparent inequity of this extra burden of transporting the grain could also be accounted for, so urged the government, on the traditional principle that "in the Northwest the tax is light but services heavy, and in the Southeast the tax heavy but services light." [1] Originally the provinces in the northwest had to render certain "services" in labor to the government, besides paying the rice tax. In the course of time many—in fact, most—of these services were commuted. In the southeast no such services were required, and therefore the grain tributes were levied at higher rates, part of which went to pay for the transportation charges.

It was also claimed by these two provinces that these tributes were levied for the purpose of supporting the imperial household and sacrifices at the temples, and that as the form of government had been changed these levies should be discontinued. In reply to this argument the Ministry of Finance pointed out that, as a matter of fact, only a small part of these tributes went to the support of the imperial household, the amount being probably no more than one-tenth. The main bulk was used as "soldiers' grain, charity grain, prison-keepers' grain and salary grain." [2] In other words, these tributes were appropriated to meet part of the administrative expenditure of the government.

The result of this agitation and controversy was that the grain tributes of the two provinces Chekiang and Kiangsu, were finally commuted into money payment, but the revenue thus collected was required to be sent to Peking as before.[3]

[1] *Cf. The Finance of the Republic*, vol. i, pp. 119-120.

[2] *Cf.* Statement of the Ministry of Finance in reply to the requests of the grain-tribute provinces in *Finance, op. cit.*, vol. i, pp. 120-121.

[3] The rate of conversion was fixed at $4.00 per shih, which was considerably lower than what was collected in the Tsing dynasty.

The whole problem of the appropriation of the land tax for local purposes and the question of the separation of national and local revenues was then submitted to a special committee for investigation in the fall of the first year of the Republic (1912). The committee reported that inasmuch as some of the fundamental questions in regard to the reorganization of the territorial divisions of the country and the extent of their respective activities had not yet been settled the question of separation of revenue could not be determined definitely.

Meantime, in order to reorganize the finances of the country which had been put out of gear by the revolution a national revenue board was created under the auspices of the Ministry of Finance to supervise and control the revenues of the central government which had heretofore been in the hands of the provincial authorities. The headquarters of this board are at Peking but there are branches in the provinces. These branches, in addition to many other duties, supervise the collection of all revenues belonging to the central government. In order to care for the other taxes which were purely provincial in character the office of provincial treasurer was created. With the creation of separate financial agencies a demarkation between the sources of the national and provincial revenues was also established, and among the taxes set aside as distinctively national was the land tax. The provincial and local authorities, however, are allowed to add additional levies to it provided they do not exceed thirty per cent. In case of special needs this limitation may be set aside provided the permission of the central government is first obtained. The subdivision of these additional levies is left to the localities. This, then, is the situation at present, and there is little likelihood that it will be disturbed for some time to come.

CHAPTER XI

The Land Tax Reform

From the foregoing discussion it is apparent that the land tax system of China is antiquated in its principles and defective in its administration. The need for reform is made imperative by the pressure of the financial situation. For the greater part of two of China's three largest sources of revenue has been consumed in repaying loans and meeting war indemnities. The three great sources of national revenue are the customs, the salt gabelle and the land tax. The customs receipts and a large part of the salt gabelle have been absorbed by these expenditures, leaving to the government for general expenditures only the land tax. This situation is responsible for a large part of China's financial difficulties. It is true that since its reorganization the salt gabelle has yielded to the government more than was expected, and can probably be made still more productive; and furthermore, that a considerable increase of revenue may be expected from the revision of the tariff, to which the powers with whom China has treaty agreements in regard to her tariff have already given their consent. But such increases will necessarily be limited in amount and cannot be expected to contribute adequate relief. On the other hand, the present yield of the land tax is very small for a country as large and populous as China—the wastefulness and inefficiency of the collection system are almost incredible. With proper reorganization the tax can be made to yield several

times its present amount.[1] In this chapter several of the proposals of reforming the tax will be analyzed and their merits from both the theoretical and practical points of view will be discussed.

The question of reform of the land tax is not a new one. For more than a decade there has been a constant agitation of the subject. The first systematic proposal was made by the late Sir Robert Hart in 1904, when the Chinese government was seeking for ways and means of raising funds for the development of her army. "Of late there have been not a few persons," said Hart in his *Memorandum* to the Chinese government, "who have been discussing the question of raising funds, and there have not been wanting suggestions as to how to procure such funds. In my humble opinion, however, the most tangible and feasible of all measures, comparatively speaking, at hand is that of reorganizing the land and the poll taxes of the Empire."[2] Sir Robert found that the dimensions of China, excluding Chinese Turkestan, Mongolia and the three Manchurian provinces, were four thousand *li* long and as many in breadth, making an area of no less than sixteen million square *li*. To every *li* there are five hundred and forty *mow*, according to Chinese measurement. Taking, however, five hundred *li* to the square *mow*, there should be eight thousand million *mow* to an area of sixteen million square *li*. Then he showed that according to the estimate of the late Marquis Li Hung-chang no less than two-thirds of the eighteen provinces, or China proper, are cultivated area and should pay taxes. Taking the cultivated area, however, at one-half, which according to Sir Robert is a very conservative estimate in

[1] *Cf. infra*, pp. 156-157.

[2] The text of the *Memorandum* can be found in either *Special Series*, no. 26 (1904) of the *Reports of the Chinese Customs Service* or *North China Herald* (Shanghai), vol. lxxii, no. 1914 (April 15, 1904).

view of the large population of the country and wide cultivation of the land, there should be 4,000,000,000 taxable *mow*. If a land tax of two hundred *cash* be assessed on one *mow*, with a liberal rate of exchange of two thousand cash to the silver *tael*, the land tax should yield Tls. 400,000,000.[1]

Having estimated the possible yield of the tax, he then went on to show how the reforms might be effected and the estimated yield realized. The scheme, he proposed, should be started in one of the districts of the province in which the system was first to be put into effect. The magistrate of the selected district, who was to be assisted by ten competent officials, would begin the work by dividing the district into four sections and requiring each owner of land within his jurisdiction to file within one month a statement setting forth the amount of land he possessed, its location and boundaries, with the necessary maps. After the landowner had registered his landed property in the magistrate's *yamen* he was to be given an order setting down the amount of land he possessed and "commanding him personally to appear at the said *yamen* at the beginning of the tenth moon of each year, and there, according to the number of *mow*, set down in the document or order, to pay the land tax thereon at the rate of two hundred copper *cash* per *mow*."[2] No extra charge whatever should be allowed to be collected from the taxpayer. The foregoing work, including the issuing of the proclamation, the presentation of the landowners' declarations of property owned by them and the registration of the same, was to be accomplished in three months. At the end of the three months after the new system had been inaugurated in the district the magistrate

[1] The actual yield of the tax at that time was about Tls. 25,000,000.

[2] *North China Herald*, loc. cit., p. 777.

would be required to make a detailed report to the prefect as to the number of *mow* registered and the amount of tax collectible in his district. The prefect would then report to the provincial authorities, who would in turn report to the Board of Revenue at Peking.

Having completed the work of the district and put into effect the new scheme in that district, the ten officials who were associated with the magistrate in inaugurating the system would each then be despatched to another district of the prefecture, and there, assisted by a new set of ten men, would carry out the scheme in the same manner as was done in the first district. Thus, by this process of geometrical progression, at the end of the first year the new system would be put into effect in one province, in two years in six provinces, and by the end of the third year in the eighteen provinces.

This, then, is the gist of Sir Robert Hart's plan for the reform of the land tax. It is hardly necessary to point out the superficiality and impracticability of his proposal. Perhaps the most obvious difficulty of his scheme is the uniform rate of two hundred *cash* that he proposed to impose on all lands. Two hundred *cash* as an average rate of the land tax paid per *mow* is well within the mark. But to impose this average rate on all lands without discrimination would be most unjust. Yet this is just what he proposed to do, for the landowner, he said, should personally appear "at the said *yamen* at the beginning of the 10th moon each year, and there, according to the number of *mow*, set down in the said document or order pay land taxes at the rate of two hundred cash per *mow*." [1] His fundamental difficulty arose from the fact that he proposed to reform the system without the aid of an "assess-

[1] *Vide North China Herald*, p. 178.

ment" or valuation of the land. Furthermore, he did not provide any machinery for collection and administration. He wanted the taxpayer to appear personally before the district magistrate, report the amount of his land and pay his taxes, which procedure of course is an absurdity when one remembers that the size of a district in China is sometimes as large as a French department or an English administrative country.

Hart's memorandum was not, however, entirely devoid of value. His estimate of the possible yield of the land tax is not as unreasonable as it might seem. The estimate of the taxable area is probably too high, but his average of two hundred cash per *mow* as the rate actually paid by the landowners in China is really conservative, as will presently appear. Furthermore, if the *Memorandum* made no contribution toward the practical solution of the problem, it did some service in calling the attention of the Chinese government to the possibilities of the land tax as a source of revenue.

The estimate of Sir Robert on the possible yield of the land tax is corroborated by another estimate which seems to be based on more definite and tangible facts. This is the estimate of Sir George Jamieson,[1] who was once connected with the Peking Syndicate in building a railway in the province of Honan. The Syndicate bought, in 1902, 9,216 *mow* of land in seven different districts of the province from

[1] Jamieson was formerly the British Consul-General at Shanghai and President of the North China Branch of the Royal Asiatic Association. He has made some first hand studies on the financial system, especially the land tax of China. We have already referred to his report on "The Revenue and Expenditure of the Chinese Empire" and his work on "Tenure of Land in China and the Condition of the Rural Population" (*cf. infra*, p. 78). His estimate of the yield of the land tax in China is embodied in his report on "Land Taxation in the Province of Honan" published in the *Diplomatic and Consular Reports, Miscellaneous Series* (1905), no. 641.

some six thousand individual proprietors. The Syndicate acquired these *mow* of land as an ordinary proprietor and was hence subject to the same taxation and incidents as the Chinese landowners. The number of *mow* acquired in each of the seven districts, the amount of tax paid and the average per *mow* are shown as follows:[1]

District	*Number of Mow Bought*	*Annual Taxes in Kuping Taels*	*Average per Mow in K. Taels*
Hsun Hsien	1586	146	0.09
Hwa Hsien	169	11.83	0.07
Chi Hsien	1708	323.19	0.18
Hsin Hsiang	1317	283.28	0.215
Hwa Chia	915	185.62	0.202
Hsiu Wu	2914	698.38	0.248
Ho Nei Hsien	616	86.58	0.140
Total	9216	1734.88	0.1882

The average tax per *mow* for the seven districts is then Tl. 0.1882. Having shown that some of these seven districts are in the poor and sandy portion while the others are in the better section of the province, and that on the whole they may be taken as representative of the province as a whole, Mr. Jamieson then proceeds to apply this rate to the entire province and calculates the amount that the land tax of the province should yield. The area of Honan is about 60,000 square miles. Assuming that two-thirds of this is under cultivation, the taxable area would be over 25,000,000 acres, or 150,000,000 *mow*. According to the Ta Tsing Hwei Tien, Mr. Jamieson shows that the area actually registered as cultivated is given as 63,986,185 *mow*. This figure is, however, antiquated, being based on the returns of the eighteenth year of Chia-ching (1812) and the amount is likely to have increased since and may be approximately 150,000,000 *mow*. "But taking it on the Chia-ching returns and assuming that the tax levied on land held by

[1] "Land Taxation in the Province of Honan," *op. cit.*, p. 4.

the syndicate is a fair average for the whole province, the yield of the land tax for the whole province should be Tls. 12,042,200. Or if we suppose, as seems more probable, that approximately 150,000,000 *mow* pay taxes, the sum levied from the people would be well over Tls. 28,000,000, a sum which is not very far short of what was then returned for the whole Empire of China." [1]

The average return of the tax for the province reported to the central government for the two years under discussion, namely 1903 and 1904, is less than Tls. 3,000,000. In accounting for this difference, we may again quote Mr. Jamieson: "It will thus be seen that out of the Tls. 12,000,000 odd which I reckon the provincial authorities must collect as a minimum by way of the land taxes, they return only Tls. 2,860,000 as actually received, leaving Tls. 9,000,000 odd in their hands somewhere. A certain amount of this, no doubt, is legitimately required to carry on the work of the government, for the provincial budget only provides for Tls. 1,678,000, a sum which is manifestly inadequate to administer properly a province (almost a kingdom) of 60,000 square miles with a population of some 22,000,000 inhabitants. Still, making every allowance, it is manifest there is a wastage." [2]

Having estimated the rate for the province and its probable yield, Mr. Jamieson then proceeds to apply the figures to the whole country. He shows that as a basis of calculation the province of Honan may be taken as a very fair standard for the whole empire. There are many places, no doubt, he points out, poorer, but on the other hand, there are unquestionably vast tracts in the country of far greater productive capacity. In point of fertility Honan can not be compared, for example, with the producing plains of

[1] *Op. cit.*, p. 8. [2] *Ibid.*, p. 10.

the lower Yangtze or the Canton delta. The principal crop of the part traversed by the railway is the tall millet, or *kaoliang,* which is very common in North China, and there is the spring crop of wheat or barley which is equally common, but of rice, which is the crop *par excellence* of the Yangtze and the southern districts, there is practically none. Honan, in all probability, is also inferior to Hupeh, Hunan and many parts of Szechuan. Nor is Honan particularly populous or prosperous in comparison with the other provinces. Therefore, if we should err, he urges, in taking Honan as a standard for the eighteen provinces, our error would be on the safe side.

Now the area of the eighteen provinces is approximately 1,300,000 square miles, of which the nine eastern provinces are situated on or near the great plains of China. These nine provinces contain no less than 500,000 square miles, the greater part of which is a cultivated soil of the highest fertility. Mr. Jamieson maintains that half of the total area may be taken as cultivated and capable of bearing good crops, or 650,000 square miles, which is equivalent, in round numbers, to 400,000,000 acres or, at six *mow* to the acre, 2,400,000 *mow*. If the average rate of Tls. 0.1882 per *mow* holds good for the whole country, the amount of the land tax levied upon the people would amount to Tls. 451,000,000 which, he says, is by no means a formidable sum when one remembers the size of population and the extent of the area of China.[1]

The difference between these two estimates lies, in the first place, in the rate of the tax. Sir Robert Hart assumed that the average rate would be two hundred *cash* to the *mow,* or, at the rate of exchange of two thousand *cash* to the *tael,* Tl. 0.10. On the other hand, Jamieson's estimated average rate of the tax paid is Tl. 0.1882 per *mow,* or nearly twice as

[1] *Ibid.*, p. 12.

much as Hart's rate. Jamieson's rate, as we have seen, is based on actual rates paid, and is therefore likely to be nearer to the truth.

Moreover, we find in the statute that the legal rate in money varies all the way from a small fraction of a *tael* to seven-tenths of a *tael* per *mow*. The rate for the great majority of cases, as pointed out by a Chinese authority on the subject, is about one-tenth of a *tael* per *mow*.[1] To this money rate must be added the rate in produce which, varying from a small fraction of one *tou* to several *tou* of grain, is imposed on practically all lands in addition to the rate in money. Furthermore, it must be remembered that these rates are the original legal rates based on the assessment of more than two hundred years ago, which, as we have already shown, represent only a part of what is to-day actually collected from the people. The rate actually applied amounts in some districts to several times the original rate and in most cases to two or three times as much.[2] From these facts we are inclined to accept Jamieson's average rate as a fair average for the whole country.

The second question, then, is whether these two estimates of the taxable area of China can in any way be accepted. It is to be observed that both of the estimates assume that half of the total area of China may be taken as cultivated, and hence taxable. We shall inquire presently whether such an assumption can be upheld. But before entering into that inquiry the discrepancy between the two estimates in regard to the total area of the country

[1] Chang Lian Chia, *Studies on Taxation System in the Principal Countries of the World*, pp. 23-24.

[2] Take Szechuan, for example. Mr. E. H. Parker in his treatise on "The Financial Capacity of the Chinese," *Journal of the Asiatic Association*, vol. xxx, 1896, said: "I spent a year in that province and found that the customary ratings, allowances, etc., practically made the land tax in some districts ten times its nominal charge" (p. 83).

should be noted. It is rather surprising that a discrepancy should exist on this point rather than on the assumption of the proportion between the total and the cultivated area. Upon inquiry we find that neither of the calculations is quite correct in regard to the total area of the eighteen provinces. Sir Robert Hart based his calculation on the assumption that the dimensions of China are four thousand *li* square. These figures are found in the Chinese records, but in the light of modern measurement they are rather crude data to be depended upon. As it turns out, his estimate of the total area of China Proper is much too high. On the other hand, Sir George Jamieson's calculation is too low, for he took the area of the country to be 1,300,000 square miles while we know that the area of the eighteen provinces is 1,501,000 square miles and of the Manchurian provinces 360,000 square miles. The actual area of the eighteen provinces therefore is 960,000,000 acres, or 5,760,000 *mow* (taking six *mow* to the acre), instead of the 8,000,000,000 *mow* of Hart's, or 4,800,000,000 *mow* of Jamieson's estimate.

But, on the other hand, their estimate that half of the total area of China may be taken as cultivated cannot be far from the truth. The cultivated area in China certainly cannot be less than one-third, if it is not one-half of the total area. If we take it at one-third we shall be well within the truth. One-third of the total area of China Proper would be 320,000,000 acres or 1,920,000,000 *mow*. We can be almost absolutely certain that the cultivated, and hence taxable, area of China cannot be less than one-third of her total area; for, in the first place, we know that out of a total area of 618,927,145 acres of British India 224,165,602 acres were cropped.[1] This does not include the 45,539,070 acres which are made arable through the help

[1] *Vide Statistical Abstracts relating to British India*, 1916, p. 128.

of irrigation, the 82,400,281 acres which are covered with forest, and the 48,760,388 acres which are in fallow.[1] In other words, in British India, which is approximately two-thirds as large as the eighteen provinces of China, one-half of the land is cultivated and more than two-fifths, exclusive of the forest land, is cropped. In fertility, the soil of the eighteen provinces certainly compares very favorably with that of British India. Both of the countries are also similar, as a whole, in their economic development. We have, therefore, every reason to believe that the proportion between the total and the cultivated area in China should be about the same as that of British India.

In the second place, the estimate is supported by historical data. From the earliest time China has been gathering statistics on population and cultivated area, the two sets of figures which interest the statesmen of all ages.[2] In some dynasties these statistics were collected more regularly than in others; but on the whole they have been accepted by modern authorities as reliable.[3] According to these figures the area reported as cultivated in Sui dynasty amounts to 1,940,942,079 *mow*, in Tang dynasty 1,430,386,300 *mow*, and in Yuan dynasty to 1,900,000,000 *mow*.[4] The population in China during these dynasties

[1] The area of British India is 1,093,074 square miles, or 618,927,145 acres; and the population, according to the source quoted above, is in round numbers 240,000,000. In other words, in area as well as in population British India is just about two-thirds of China Proper.

[2] The statistical figures collected before 1295 may be found in *Tung Kao*, bks. i-vii, *passim* ("On the Land Tax") and bks. viii-xi ("On Population") and those collected after that date in *The Continuation of Tung Kao*, bks. i-ix and bks. xii-xiv.

[3] *Cf.* James W. Bashford, *China, An Interpretation*, pp. 503-506.

[4] *Cf. Finance of the Republic*, vol. i, pp. 235-236. The figures of Ming dynasty show a great drop, due undoubtedly to no other reason than that of administration. The area cultivated as reported in Ming dynasty was 850,762,300 *mow*.

was less than fifty millions.[1] If, when the population of the country was less than fifty millions, the amount of land cultivated was over 1,900,000,000 *mow*, how can the amount of the latter be less when the population has grown to over 350,000,000? When the Manchu dynasty came to power the amount reported cultivated was about 5,000,000 *mow*. This was undoubtedly due to the unsettled condition of the country, and to the looseness with which the new government enforced the collection of taxes. This figure increased to about 7,000,000 in the reign of Chien-Lung (1736-1796) and to about 9,000,000 in the thirteenth year of Tung-Chi (1875), which remained practically constant to the last day of the dynasty. In the meantime the population of China during the Tsing dynasty had increased from about 50,000,000 at the beginning of the dynasty to over 400,000,000 in the middle of the nineteenth century.[2] The reason for the differences between these two sets of figures is obvious, for during the Tsing dynasty the poll tax was amalgamated with the land tax, and hence the local official had no reason for not reporting the true figure of the population, while he had every inducement for under-reporting the cultivated area on which the amount of taxes to be returned from his district was based. That the amount of cultivated area as reported in the Tsing dynasty was nothing but nominal is evident. Our estimate that the taxable area in China should be at least 1,900,000,000 *mow* is very conservative. The probability is that the taxable land in China is much more than that amount.

Taking the taxable area of China, then, at 1,900,000,000 *mow*, and the average rate of the tax at Tl. 0.15 per *mow*, (instead of Tls. Tl. 0.1882) the yield of the land tax for the eighteen provinces should amount to Tls. 288,000,-

[1] *Cf.* Werner, *Descriptive Sociology of the Chinese*, pp. 39-50.

[2] *Cf. supra*, p. 101.

000. Here again we can check up our estimate by comparing it with the result of the tax as worked out in India. For the year 1913-1914 the yield of the Land Revenue of British India, excluding the returns of the forest land, was about £23,000,000.[1] At the rate of exchange for the same period, which was approximately the average rate for the last ten or fifteen years,[2] this is equivalent to about 165,000,000 Kuping *taels*. In the total area, as well as in the cultivated area, China, as we have already seen, may be taken as one and one-half larger than India. The yield of tax according to this basis would amount to 250,000,000 Kuping *taels*.[3] Yet the actual "estimated" yield of the land tax for the year 1915 was only $65,000,000, or approximately Tls. 45,000,000, less than one-fifth of what it might and should yield. From this calculation and comparison we are constrained to conclude that China is far from being near a state of bankruptcy and that in spite of the absorption of a large part of her revenues by foreign loans and war indemnities her financial position can be put on a sound basis by a proper reorganization of her system of taxation.

In this connection it may be observed that according to Mr. Wagel, the only foreign writer on the finance of China who takes a different position in regard to this subject, the cultivated land in China cannot be more than 1,200,000,000 *mow* and the revenue on land cannot exceed Tls. 75,000,000. [4] He maintains that the estimates of Mr. Jamieson and Mr. Hart could not be anywhere near the truth. It is

[1] *Statistical Abstracts, op. cit.*, p. 54.

[2] *China Year Book*, 1916, p. 358.

[3] Chang Lian Chia in his *Studies, op. cit.* arrived at the same figure, although his conclusion was based on a different process of estimation. *Cf.* also *The National Review*, Shanghai, which estimated that the annual yield of the tax should amount to at least Tls. 200,000,000 (Feb. 6, 1915).

[4] See Wagel, S. R., *Finance of China*, pp. 363-374.

true, as we have already seen, that both of the estimates of the yield of the tax are much too high. But, on the other hand, Mr. Wagel errs in the other extreme. His method of calculation has no justifiable basis. "A farmer," he says, "generally supports a family of five or six; at a rough computation the landowners in this country (China), leaving apart the laborers and the dwellers in cities, may be estimated at 30,000,000—on the basis of a population of slightly over 300,000,000. . . . One cannot go far wrong in giving an average of 40 *mow*, which I consider large, to each holder. On that basis the total area of cultivated land will be 1,200,000,000 or about 200,000,000 acres." [1] Such an estimate is, of course, nothing but the roughest of guesswork. He further fails to distinguish between India and that part of his country which is under British administration and known as British India, and that accounts for his serious mistake in taking the area of China Proper as smaller than British India. "In a well-organized and well-governed country like India," says he, "which has an area larger than that of China Proper . . . the net area cropped in 1909 was only 218,039,793 acres. I doubt very much if a larger area than this is cultivated or cultivtable in this country." [2] What he quotes here as the "net area," as we have already seen, refers to British India, which, as has been pointed out, is only two-thirds the area of China. He does not even think that there are as many as 218,000,000 cultivable acres in China, while we know that there are about two and a half times as many acres cultivable as in British India, whose area of cultivation is smaller than that of China. Mr. Wagel's objection to the possibility of increasing the returns of land tax through a proper reorganization is therefore not valid.

It seems hardly necessary for us to state that in estimat-

[1] *Finance of China, op. cit.*, pp. 364-5. [2] *Ibid.*, p. 364.

ing the possible yield of the tax no claim is made that the estimated amount could be realized all at once. The land tax is a very costly and laborious tax to administer. As the data for a scientific valuation and assessment are practically non-existent in China, and the old machinery of collection is sadly defective, it undoubtedly will take China many years to put the system on a scientific and efficient basis. But the large financial returns which would accrue should be a strong inducement to the government to effect an early reform of the system.

To those who are not familiar with the conditions in China our conclusions that the tax can be increased several times without imposing a greater burden upon the people may seem somewhat startling. Such results, however, have actually been obtained. The salt gabelle in China in 1913, before its reorganization, yielded about $17,000,000, which was about the average return for the preceding twenty years. But in 1916, three years after its reorganization, its yield amounted to no less than $71,000,000, or more than fourfold its return for 1913.[1] Before its reorganization the system of the salt gabelle was in practically the same situation as the land tax. Its administration was most inefficient. The rate of the tax varied all the way from $0.65 per 100 *catties* of salt in the three eastern provinces to $5.09 for the same amount in Ao-yan of Huai-nan. There were evasions, double taxation and other violations of the principles of taxation. The system was undoubtedly in as bad a condition as the present land tax. Yet by a proper reorganization of the system of collection and administration, by eliminating the practices of corruption and smuggling, the returns of the tax have been increased fourfold in three years. The results of the reorganization of the salt tax should open the eyes of the Chinese government to the possibilities of the land tax.

[1] *Far Eastern Review*, vol. xiii, p. 267.

CHAPTER XII

The Land Tax Reform

(*Continued*)

In the preceding chapters we have traced the development of the tax, analyzed its existing conditions and demonstrated the possibilities of its reform. The reform movement, as has been pointed out, began many years before the fall of the Tsing dynasty. But on account of the inefficiency and the *laissez-faire* policy of this period nothing worth noting was done. After the establishment of the Republic the movement was revived. But most of these reforms were unfortunately interrupted by the political vicissitudes of the country. This chapter attempts to review, briefly, some of the important improvements that have been introduced since the Republic, and to discuss in closing some of the fundamental problems which must be solved before any thoroughgoing reforms can be effected.

One of the most obvious improvements introduced by the Republic was that which consolidated into one single payment all the various levies which had been added to the original tax in the course of the last dynasty. In the analysis of the nature of the tax it was shown that during the Tsing dynasty the tax was assessed almost invariably in two parts, one in silver and the other in produce which may be of more than one kind, and that in the course of time various levies under all sorts of ingenious names were added to the original assessments. In Kuangtung Province, for example, for every *tael* of the tax, as assessed in 1713,

there were added during the Tsing dynasty a "wastage charge" of Tl. 0.169, a "meltage charge" of Tl. 0.30, a "provision contribution" of Tl. 0.30 and a "miscellaneous fee" of Tl. 0.574, making a total of Tl. 2.334 for every *tael*. Similar charges were added to the assessment in grain. These various levies have been consolidated into one single payment in most of the provinces, and converted into dollars or copper cents which are the common daily currency of the people at rates established by the government.[1] The taxpayers were thus saved much of the uncertainty and many of the vexatious exactions of the collectors of the old regime.

Along with the consolidation of the levies and the prohibition of the illegal charges on the part of the collectors, provisions were also made for the expenses of collection from the receipts of the tax. During the Tsing dynasty no provisions whatsoever, as has been shown, were made for the maintenance of the tax-collectors and the local officials who were thus obliged to exact all sorts of extra charges from the people. In the third year of the Republic provisions were made allowing ten per cent of the total receipts to the provincial and local authorities as the expenses of collection. In the following year on account of the financial stringencies of the government this allowance was withdrawn, but the local authorities were, then, allowed to add ten per cent to the tax rate to cover the expenses of collection.[2] At the same time laws were passed allowing the provincial authorities to add a rate to the national rate for the provincial expenditure. This rate varies in different provinces from ten to thirty per cent. It is not to be understood, however, that these rates for the

[1] *Cf. Finances of the Republic*, vol. i, pp. 274-279, and also the *Report of the Ministry of Finance for the 4th Year of the Republic*, p. 10.

[2] *Finances of the Republic*, vol. i, pp. 267-279.

expenses of collection and the maintenance of the local government represent increases over the actual amounts formerly collected. They merely represent what were formerly collected without the sanction of the central government.

A third important and interesting feature of tax reform introduced by the Republic was the confirmation of the title-deeds to land. During the Tsing dynasty, as has been mentioned, every transfer of landed property by absolute or irrevocable sale[1] was subject to a tax of three per cent of the face value of the sale. This rate, however, was only the nominal legal rate. In practice by virtue of the various extra charges it amounted in some cases to several times the legal rate. The result was that the tax was invariably evaded, either in whole or in part. In the third year of Hsuan-Tung (1909) a new law was passed providing that the tax of registration of transfer of land was to be nine per cent on irrevocable sale and six per cent on mortgages or revocable sale of more than ten years duration.[2] Outside of these rates the officials were prohibited from collecting any extra charges. But these rates were also prohibitory; and evasion, either total or partial, continued to exist. After the establishment of the Republic these rates were lowered from nine per cent on sale to four per cent and from six per cent on mortgages to two per cent. The tax is payable by the vendor or mortgagor of the property, as the case may be, within six months after the transaction. In case of transfer by sale the law gives the government right to purchase the property at the face value of the sale if it feels that the sale value is understated.[3]

[1] *Cf. supra*, p. 75.

[2] *Cf. Report of the Ministry of Finance*, pp. 16-17.

[3] *Cf. Report of the Ministry of Finance*, p. 15.

At the same time in the second year of the Republic a law was passed requiring that title-deeds on land which had been executed before the last day of the second year of the Republic should be registered and confirmed by the government.[1] A registration fee of ten cents was charged on all deeds and a tax of one dollar on all deeds whose face value exceeded thirty dollars. The success of this law as a fiscal measure was most remarkable. In the third and the fourth years of the Republic during which the law was in effect the receipts amounted to nearly forty-nine million dollars.[2]

A fourth and more fundamental attempt at the reform of the land tax introduced by the Republic was the creation of the Bureau of Land Measurement in the third year of the Republic or end of 1914. The purpose of the Bureau was to make a cadastral survey of the country. As a preliminary measure of the work the Bureau published a book on *Land Measurement in China* treating the development of the various methods of measuring and taxing land in China and another on the *Principal Facts of Land Measurements in Foreign Countries* which deals, however, chiefly with the land-tax problems of Japan, Formosa, Korea, Hindo-China, Kowlan and Kwangtung. Various outlines for surveying, mapping and valuing the lands were also drawn up. According to these outlines the basis of the land tax was to be the "net produce" for arable lands and "net rent" for urban lands. To arrive at the net produce or net rent as the case might be a certain arbitrary percentage of deduction from the gross produce or contractual rent was allowed. To obtain the amount of net produce the owner of the land was allowed fifteen per cent of the gross produce as expenses of cultivation, five per cent for repairs and mainte-

[1] *Cf. Report of the Ministry of Finance*, pp. 14-15.

[2] *Ibid.*, p. 15. For a detailed account of the operation of this tax *cf. Finances of the Republic*, vol. I, pp. 415-425.

nance and two and one-half per cent for taxes and other levies on land.[1] In the case of rent similar percentages were allowed. These percentages were of course merely suggested by the Bureau and subject to change and readjustment.

Recognizing that the making of a cadastre would take no little time, provisions were at the same time made by the government for the compilation of a temporary tax roll. This was to be done by taking the district or *hsien* as a unit and dividing it into from thirty to fifty sections. For each section there was to be elected an elder who, assisted by a number of the farmers of the district and surveyors, was to compile by personal investigation a list of all the lands within the section. This was to be accomplished in sixty days and after the completion of the work this elder with his assistants was to be shifted to another section to check up the work that had been done for that section, for which thirty more days were allowed. The district magistrate was to supervise and check up the work of the sections within his district, and submit the returns to the provincial authorities within forty days after the work for the individual sections had been completed. The list was to contain all the lands in the district, giving for each the location, the name of the owner, the produce of the land, the rent paid, if any, and other necessary information. Had this been done some immediate reforms could have been effected. But, unfortunately, owing to financial and other difficulties the work was not carried through and the Bureau of Land Measurement was also suspended shortly after its establishment.

These, then, are the important reforms, or rather attempts at reform, introduced since the Republic. The situation, as a whole, remains substantially the same as it was

[1] *Finances of the Republic*, vol. i, pp. 312-313.

during the Manchu regime. The system is antiquated in principle as well as defective in administration. Reform must take place if the Chinese government is to put its financial system on a sound basis. Indeed the reform of the land tax is the key-note to the solution of the financial difficulties of China. The land tax, as has already been demonstrated in the preceding chapter, could be made to yield through proper reorganization several times the amount of its present receipts without greatly increasing the burden of the people.

In the remaining pages a few of the fundamental problems of reform will be discussed.

The first and perhaps the most important problem in any system of land tax is the determination of the base of the tax. In theory the present land tax in China is levied on produce, the land being roughly classified according to this principle. In practice, however, the system, as has already been seen, is in a most chaotic and deplorable condition. If any thorough-going reform is to be effected, a new base must, first of all, be determined upon. A tax on land may be based either on the produce or on the value of the land. To each of these two principles there are two subdivisions. A tax on the produce of the land may be determined according to either its gross produce or its net produce. A tax on the value of the land may, similarly, be based upon either the value of the land singly or its value including improvements. A study of the systems of land taxation in the principal countries of the world shows that all of these four bases are still used. In a number of the German states the tax on land is still determined according to its gross produce. In France the *impôt foncier* is apportioned on landed property in proportion to its "net produce". In the United States the land tax which is included in the general property tax is based on the selling

value of the land including improvements. In some of the newer countries, as New Zealand and Australia, the land tax is assessed only on the pure value of the land, improvements being exempted from taxation. Which of these four bases of value, then, shall China adopt?

That the principle of taxing the produce of the land without paying any regard to the expenses of cultivation is, under modern conditions, inequitable is apparent and needs no discussion. The problem therefore reduces itself to the proposition whether the tax shall be based on the net produce or the value of the land, putting aside for the present the question of taxing improvements. Strictly speaking, the selling value of the land is nothing but a capitalization of its net produce present and expectant. For purposes of taxation the difference between the two types of base is, however, a very fundamental one. The first and, perhaps, most important difference between taxing a piece of land according to its produce and taxing it according to its value lies in the fact that under the former principle land which does not yield an income, however valuable it may be, escapes taxation. On the other hand, if the tax is imposed on the selling value, all lands that have value, whether they be put into a productive use or not, are subject to the tax. A tax on the land value will, thus, tend to make expensive the holding of land which is not being put to its most productive use.

In the second place, a tax on land value, as pointed out by Professor Willoughby in his "*Memorandum on the Reform of the Land Tax System in China*", can be administered with relative ease and economy.[1] When the tax is based on the yield or produce this yield has to be determined each year. On the other hand the value of the land

[1] The *Memorandum* can be found in the Far Eastern Review, vol. xiii, nos. 6-8. *Vide* no. 6, p. 214.

is comparatively stable, except when special conditions violently affect the value of the lands of the particular locality. Such effects are often due to the increase of population, the construction of new means of transportation and other causes which generally affect the locality as a whole; and may be adjusted, when it becomes necessary, without great difficulty. The determination of the selling value in China where land is frequently bought and sold should present no great difficulties.

There is a third advantage resulting from the adoption of the principle of taxing selling value. It is a well-known fact that in China most of the urban lands used for building purposes either escape taxation entirely or are greatly undertaxed. This is to be explained, at least partly, by the fact that under the earlier dynasties when the system of land distribution was in existence lands in the towns which were used for building purposes and hence yielded no "produce" were exempted from taxation.[1] And lands which were formerly under cultivation but have been converted into lots continue to pay the same rate of taxation as before. The injustice of this arrangement needs no discussion. Since the establishment of the Republic several proposals have been made to remedy the situation by introducing a tax on the urban land based either on its rental or its selling value.[2] Between the two principles, that of selling value is to be preferred. The experience of the other countries, especially of England, Australia and Germany, has clearly demonstrated the defects of taxing land according to its rental value.[3] Some of these defects perhaps may not occur in a country like China. But on the other hand, China is now on the eve of an industrial transformation, and those prob-

[1] *Cf. Finance of the Republic*, vol. i, pp. 400-401.

[2] *Cf. ibid.*, pp. 401-402.

[3] *Vide* Seligman, *Essays in Taxation*, 8th ed., p. 539.

lems which have arisen in the countries more advanced industrially, such as congestion of population in towns, land speculation, etc., are bound to arise in China as elsewhere, and in instituting a system China may as well profit by the experience of other countries.

It may be objected, however, that, as the existing system of taxation is based on the principle of taxing the produce of the land, shifting of the basis from produce to selling value may cause undue hardship on a certain number of landowners who have not utilized or are not in a position to utilize their land to the best advantage, thus causing disturbances in the existing order of the country. This objection is, however, specious. For the present condition of the land tax system is so chaotic that the reform introduced, whether based on the old principle of produce or that of selling value, there is bound to be a certain amount of shifting of burden. Disturbances are apt to arise and re-adjustments will be necessary in either case. If that is true the principle of selling value, which has been found more satisfactory in the other countries of the world, is to be preferred. Strictly speaking there is in fact little to choose from; for, in a country like China, where most of the arable land is under cultivation, where future economic prospects are fairly settled and where land is transferred freely, the selling value is on the whole not far from the capitalized yield of the land.

Another objection, perhaps a stronger one, that may be urged against the adoption of the principle of selling value in China lies in the fact that a fixed tax based on the value, without taking the produce of the land into consideration, inflicts undue burden on the small farmers in case of failure of crops, an experience which occurs frequently in China. This objection may however be met by instituting a system of tax remission and postponement. In fact, such a system

has been in existence for many centuries. Under the laws of the Republic the district magistrates are required to report to the central government when the crops in any locality within his district fail and with the approval of the central government the landowners may claim postponement of the tax from seven to ten per cent according to the degree of the damages to the crop.[1] Such arrears are payable from one to three years later according to the amount postponed. Under special circumstances the amount may also be remitted either in whole or in part. With some such system as this the taxation of the land according to its value should cause the small owners no difficulty.

Having determined upon the basis of the tax, the next question is to inquire whether in reforming the system of land tax in China the tax should be imposed on the bare value of the land or on the land value plus the improvements attached to it. Professor Willougby in his *Memorandum* advocates the adoption of the former principle, namely, that tax should be assessed on the pure value of the land excluding improvements. He bases his recommendation, first on the ground that land is largely a gift of nature and only in part has it been made valuable through individual labor, and that the community in general should share in the value which it has created. He also points out that "the taxation of improvements means the placing of a penalty upon the production of wealth in this form" and that such a tax may act as a deterrent to the making of such improvements.[2] He maintains further the problem of assessment (which is the most difficult part of the whole problem of establishing a land tax) would be greatly simplified if the tax be determined according to the

[1] *Finance of the Republic*, vol. i, pp. 283-288.

[2] *Far Eastern Review*, vol. xiii, no. 6, p. 215.

land value only, exempting buildings and other improvements from taxation. Simplification of administration should be a deciding factor, Professor Willougby contends, in the case of China.

It is doubtful, however, whether exemption of improvements will necessarily simplify the process of valuation. It may simplify valuation only where the value of the land is distinctly separated from the value of improvements and exemption of improvements in that case may save the work of valuing them. But, on the other hand, it will be exceedingly difficult in many cases to separate the value of the land from that of the improvements. Exemption of improvements will not necessarily make the task of valuation easier.

On the other hand, there are several considerations which seem to support the position taken by Professor Willoughby, although he did not point them out in his *Memorandum*. In the first place, under the present system, the tax is practically assessed on land values, for the most important form of improvements, namely houses, have never been included in the tax. It is true that toward the latter part of the Tsing dynasty several attempts were made to introduce a separate tax on houses. But such a tax on houses as has been introduced in some provinces is really a tax on business, for it falls only on houses used for business purposes, residential buildings being exempted. In view of these facts, it seems advisable to confine the land tax as in the past to land values, and to institute a separate tax on houses, if necessary.

In the second place, China is predominantly an agricultural country. On account of the lack of statistical data, we cannot at present ascertain the proportion between land value and the value of improvements in the urban as compared with those of the rural districts. It seems safe to say

that the value of improvements is probably very small in comparison with the value of land. The exemption of improvements will therefore not bear with special severity on the rural districts.

Lastly, it may be pointed out that in the development of the country, improvements of all kinds on land will have to be made in the near future. The inclusion of such improvements in the land tax would amount to a special tax on such investments and may tend to discourage them. On the whole, therefore, it seems desirable, in reforming the system of the land tax, to base the tax on land values only and to exempt all improvements.

Another fundamental question that must be considered in the reform of the system has reference to the preparation of a cadastral survey and the compilation of a complete and accurate tax roll. From what has been said in the foregoing pages it is evident that the first step in reforming the system, after the basis of the tax has been decided upon, is to compile a new tax roll. A complete and accurate tax roll has to be based on a cadastral survey. But for a country like China, this is an undertaking which would require many years of time and the expenditure of millions of dollars. It would not be necessary, however, to wait for the completion of the cadastral survey before launching the project of reform. Other means, though less satisfactory and accurate, may be employed to compile a list of the taxable lands of the country, pending the completion of the survey.

The last topic that may be noted here is the establishment of an improved administrative system. The collection of the tax has hitherto been entrusted to the district magistrates who alone are held responsible for the remittance to the government of the amount of the tax assigned to their respective districts. That this system of collection is inefficient and defective needs no further proof. If

any thorough-going reform is to be effected, the collection of the tax must be taken out of the hands of the district authorities and a separate machinery devised. It is not our purpose here to enter into a discussion of the administrative features of the problem. Suffice it to point out that the reorganization of the administrative system of the land tax has been discussed in considerable detail by Professor Willoughby in his *Memorandum.* Many of his suggestions appear to be very valuable and may well be adopted. Perhaps something may also be learned from the experience of the salt gabelle, the fiscal success of which, since its reorganization, has been most remarkable. When the land tax is put on an efficient and sound basis, its possibilities as a source of revenue will be fully as great.

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APPENDIX B

Units of Measurement

1. Length. The legal unit of length is the *chih*, which is equal to 14.1 English inches.

10 *chun* — 1 *chih*
10 *chih* — 1 *chang*
10 *chang* — 1 *yin*

2. Distance. The legal unit of distance is the *li*, which is equal to 1800 *chih* (Chinese feet) and is thus also equal to 705 yards or four-tenths of an English statute mile.
3. Area. The legal unit of area used in the measurement of land is the *mow*, which is 240 square *bow*, one *bow* being equal to 5 *chih*. One standard *mow* is therefore equal to 6,000 square *chih* or approximately one-sixth of an English acre.
4. Capacity. The legal unit of capacity is the *sheng*, which is equal to 31.6 cubic *chun* (Chinese inches), or 1.095 quarts English.[1]

10 *kao* — 1 *shao*
10 *shao* — 1 *sheng* (1.095 quarts)
10 *sheng* — 1 *tou* (1.36 pecks)
10 *tou* — 1 *shih* (6.8 bushels)

5. Weight. The legal unit of weight is the *kin*, commonly known as the *catty*, which is defined by statute to be equal to one cubic *chun* of fine gold. The *catty* is defined to be equivalent to 21⅓ ounces avoirdupois by treaty with Great Britain.[2]

10 *li* — 1 *fun* (candareen)
10 *fun* — 1 *chen* (mace)
10 *chen* — 1 *liang* (tael)
16 *liang* — 1 *kin* (catty)
100 *catties* — 1 *tan* (picul, which is equal to 133⅓ pounds avoirdupois)

[1] *Cf.* Williams, E. T., "Taxation of China," in *Quarterly Journal of Economics*, May, 1912.

[2] Morse, *Trade and Administration of China*, p. 173.

APPENDIX C

NAMES AND EPOCHS OF THE DYNASTIES IN CHINA

Dynasties	*Epochs B.C.*	*Sub-divisions*
Hsia	2150-1780	
Yin (Shang)	1780-1100	
Chow	1100-249	1. West Chow about 1100-70 2. East Chow about 770-249 a. Ch'un Ch'iu Period, 722-481 b. Period of the "Warring States" 403-222
Interregnum	248-222	
Ch'in	221-207	
Han	208 B.C.-220 A.D.	1. Earlier Han or West Han, 208 B.C.-8 A.D. 2. Interregnum, 9-23 3. Later Han or East Han, 24-220
	Epochs A.D.	
Three Kingdoms	221-264	1. Wei, 221-264 2. Chu or Chu Han, 221-263 3. Wu, 221-279
Tsin	265-419	1. West Tsin, 265-316 2. East Tsin, 317-419 (East Tsin, Sung, Ch'i, Liang and Ch'en are called the Southern Dynasties in distinction from the Northern Dynasties, which are omitted here.)
Sung	420-478	
Ch'i	479-501	
Liang	502-556	
Ch'en	557-588	
Sui	589-617	
Tang	619-906	
Five Dynasties	907-960	1. Posterior Liang, 907-923 2. " Tang, 924-935 3. " Chen, 935-946 4. " Han, 947-950 5. " Chow, 951-960
Sung	961-1278	1. North Sung, 961-1126 2. South Sung, 1127-1278
Liao	916-1125	
Chen	1115-1228	
Yuan	1279-1367	
Ming	1368-1661	
Tsing	1662-1911	

APPENDIX D

Reigning Periods of the Emperors of the Tsing Dynasty

Shun Chi	1644-1662
Kang Hsi	1662-1723
Yung Chen	1723-1747
Chien Lung	1747-1796
Chia Ching	1796-1820
Tao Kwang	1820-1850
Hsien Feng	1850-1861
Tung Chi	1861-1876
Kwang Hsu	1876-1908
Hsuan Tung	1908-1911

APPENDIX E

The Returns of the Land Tax

During the early years of the Tsing dynasty the land tax was by far the most important source of the government's revenue. In the eighth year of Shun-Chi (1652) the land tax yielded Tls. 21,100,124 and 5,739,420 *shih* of grain of all kinds; the next largest source of the revenue for the same year was the salt tax which yielded Tls. 2,786,816.[1] In the reign of Kang-Hsi the customs, mainly native, began to become important. For the fiftieth year (1712) of the reign when the tax was declared immutable the receipt of the land tax amounted to, in round numbers, Tls. 28,790,000 and 6,900,000 *shih* of grain; and the salt tax yielded Tls. 3,370,000 and the customs Tls. 3,000,000. By the first year of the reign of Yung-Chen (1723) the receipts from the land tax were increased to Tls. 32,000,000 and 4,120,000 *shih* of grain, the total revenue for that year being about Tls. 40,000,000. The yield of the tax remained substantially the same during the eighteenth and the first half of the nineteenth century. But after the Tai-ping War which inflicted no small devastation on

[1] *Cf. Finance of the Republic*, vol. i, pp. 1-54 *passim*.

the country, the returns of the tax showed considerable decrease. It was not until the end of the last century that the amount of the yield reached the figure of the early eighteenth century. For the twenty-fifth year of Kwang-Hsu (1901) the yield was about Tls. 29,000,000, while the expenditure of the country reached the figure of Tls. 200,000,000. From that time on the return began to show some increase, and according to the budget of the third year of Hsuan-Tung (1910) it was estimated at about Tls. 49,000,000. The following table shows the estimated receipts of the tax during the last few years:

1910	Tls.	49,669,858
1911	$	68,935,862
1913	"	82,403,612 [1]
1914	"	79,137,809
1916	"	97,553,513 [2]

For the year 1916 the estimated yield of the land tax is distributed among the provinces as follows: [3]

Anhwei	$4,035,619
Cheling	1,084,442
Chekiang	7,712,259
Chihli	6,070,951
Fengtien	3,331,110
Fukien	3,163,809
Honan	7,700,750
Hueilangkiang	1,263,701
Hunan	3,335,606
Hupeh	3,233,782

[1] The figure for 1912 on account of the change of the form of government was not compiled.

[2] The figure for 1915 on account of the change of budgetary calendar was not available.

[3] For the same year the estimated "ordinary revenue" of the government amounts to $426,237,145 of which the land tax contributes $97,553,513; the Salt Gabelle $84,771,365 and the customs, $71,320,970.

Kansu	1,457,452
Kiangsi	5,397,626
Kiangsu	11,092,580
Kwangsi	1,248,000
Kwangtung	4,403,958
Kweichow	645,044
Metropolitan District	434,032
Shansi	5,949,516
Shantung	9,502,355
Shensi	5,793,967
Singkiang	1,818,224
Special districts	717,369
Yunnan	1,094,449
Szechuan	6,866,911
Total	$97,553,513

According to the Classification of the Ministry of Finance the receipts from the land tax consist of seven groups. For the year 1916 they are distributed as follows:

1. Land-capitation tax	$64,274,409
2. Commuted grain tax	22,070,775
3. Rent of public lands	3,119,279
4. Receipt from sale of public lands	295,431
5. Commuted corvée	606,012
6. Additional rate	2,960,543
7. Miscellaneous	4,227,064
Total	$97,553,513

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